

# How to Win in Low-inventory Markets: The Buyer's Cheat Sheet

1. **Generate a Homebuyer Lead with Zurple's Buyer Lead Program.**
2. **Automatically Follow Up with Lead and Schedule an Appointment with Zurple's Conversations™ Software.**
3. **Perform a Buyer's Consultation:**
  - Screen them to determine if they're serious and have the means to close.
  - Find out if they're working with another agent.
  - Discover their desired neighborhood, preferred type/style of home they, and their reasons.
  - Determine if they're pre-approved (not pre-qualified) for a loan and the amount.
  - Explore their concerns and address them.
  - Boost the value of you and your real estate services in an aggressive seller's market.
  - Categorize them as a first-time or repeat (downsizing or upsizing) homebuyer.
  - Have them sign a Buyer Agency/Brokerage Agreement.
4. **Share Explanations for Your Market's Low-Inventory and High Competition:**
  - Seller's market.
  - Historically low interest rates.
  - Unmotivated homeowners.
  - Demand outpacing new construction.
  - Higher new construction expenses.
  - Seasonality.
  - Pandemic.
5. **Describe the Challenges of Low-Inventory Market and High Competition with Solutions:**
  - Difficulties finding the perfect home – be flexible, etc.
  - Fast sales – be prepared, etc.
  - Bidding wars – more cash upfront, lower price range, appeal to the seller, etc.
  - Higher than expect prices – lower price range, etc.
  - Cash offers – emotional appeal to the seller, waive contingencies.
6. **Prepared Your Buyer to Purchase a Home:**
  - Get them ready to act and make decisions quickly.
  - Have them gather all necessary financial documents ready to send to lender at a moment's notice.
  - Help them prioritize home features and amenities by want, need, and non-negotiable.
  - Share a comparative market analysis to educate them about prices for similar homes.
  - Establish second- and third-tier neighborhoods.
  - Talk about the possibility of lowering their price range to off set bidding wars.
  - Set up a buyer contact system.
  - Communicate the Risks and liabilities throughout the Buying Process
  - In addition to your expertise, encourage them to do their own research.
  - For repeat buyers, review strategies for buying and selling simultaneously.
7. **Mentally Prepare Your Buyer for the Challenging Home Search Experience in a Low-inventory Market:**
  - Manage unrealistic expectations.
  - Emphasis the importance of preparation, patience, and persistence in addition to flexibility, open mindedness, and ability to compromise.
8. **Develop an Offer Strategy with Your Buyer:**
  - Discuss strategies that make an offer stand out to sellers and help gain a competitive advantages.
  - Develop initial offer strategies.
  - Develop a multiple offer strategies.
9. **Review the Don'ts of Homebuying with Your Buyer.**

# Cheat Sheet Details I

## 3. Perform a Buyer's Consultation:

**Insist on a Buyer Consultation:** Helps you screen/probe, determine their needs, figure out if they're first-time or repeat buyers. It's also an opportunity to discover their price range, desire area, preferred type/style of home, and if they're a serious buyer.

**Urge Buyers to Get Pre-approved:** Since competition is so fierce, getting pre-qualified for a loan isn't sufficient, buyers must be pre-approved through underwriting to gain a competitive advantage. Since sellers have more options to choose from, they'll most likely go with the buyer that gives them confidence the deal will close.

**Boost Your Value:** As an expert in real estate, you give your buyer a competitive advantage over buyers without one, especially in a fast-paced market. To boost your value, tell your buyer all the benefits of working with you. Benefits like...

- Your ability to view new listings as soon as they hit the market.
- Your network which gives you inside information about new listings, even before they hit the market.
- Your extensive knowledge of their desired neighborhood.

**Recommend a Buyer Brokerage Agreement:** Explains to the buyer the benefits they receive when working with you. It also ensures that you are the sole representative for the buyer and how you will be compensated. The buyer benefits because you'll be legally bound and obligated to act in their best interest and everything you do is in their best fiduciary interest.

## 4. Explanations for Low-Inventory/Housing-Shortage Markets and Fierce Competition:

**Seller's Market:** Higher demand for homes than supply leads to more competition.

**Historically Low Interest Rates:** Are significantly lower than previous years, which is the main motivator for current homebuyers.

**Unmotivated Homeowners:** Who currently have low enough interest rates that aren't motivated to seek a better deal.

**Demand Outpacing New Construction:** The amount of new construction homes doesn't meet the current demand.

**Higher Construction Expenses:** New homes cost more to make due to increased prices of raw material like lumber.

**Seasonality:** Inventory increases in spring, peaks in summer, decreases in fall, low in winter. positive in some ways as prices will be drastically lower than any other time of the year.

**Pandemic:** Sellers don't want to risk infection by letting strangers in their home, so they're waiting for the pandemic to dissipate.

## 6. How to Prepare Your Homebuyer:

**Prepare Your Buyer to Act Quickly:** Since competition is fierce and seller's value speed.

- Your buyer must be ready to view a home as soon as it goes on market.
- Your buyer must be prepared to make an offer.
- Your buyer should have all the necessary financial documents ready to send to their lender.
- Your buyer should find out from their lender, how quickly they can close their purchase.

**Share a Competitive Market Analysis:** Your buyer should understand the general prices of comparable homes in their desired market. Sharing a list of comparable homes that have been recently sold or are under contract can help set their expectations about the type of home they can purchase and the price range. Don't forget to account for unique home features.

**Set up a Buyer Contact System:** Leverage your CRM's automation to send the newest listings to your buyer as soon as they are listed on market. This allows your buyer to review the listings and schedule an appointment for a showing as soon as possible.

**Encourage Buyers Do Their Own Research:** Buyers should take advantage of all the information available by researching local real estate blogs, reports, and other information sources. This allows them to be fully informed and educated throughout their homes search so they can make informed decisions that are best for them.

**Communicate the Risks/Liabilities:** Such as losing money on the appraisal or their earnest money if the transaction goes stale.

**Repeat Buyer Concerns:** Homeowners may be concerned about buying a new home before selling, leaving them homeless. Inform them about their options:

- They can sell their current home after buying a new one.
- Establish contract contingencies to move out after they've purchased their new home.
- Secure a blanket/bridge loan to leverage their current equity for a down payment on their new home.

## Cheat Sheet Details II

### 7. How to Mentally Prepare Your Homebuyer:

**Manage Unrealistic Expectations:** Your buyer must understand the competitive nature of a low-inventory market and how it's different than a balanced market. If they want to purchase a home, they need to be flexible, open minded, and be willing to compromise. They should have the expectation that might not find their dream home, rather a home that fits all their needs and most of their wants, and they might pay more than expected.

**Shift Their Mindset:** To be successful, your buyer must be prepared, patient, persistent, and ready for the long haul. Since low-inventory markets move quickly, they must be prepared to act quickly. Since there are less options, probable bidding wars, they must be patient. Since they might lose bidding wars, they must be persistent. Make sure your buyer is mentally prepared for this challenging competitive environment.

- **Patience:** Listings can come and go on market daily, so if your buyer don't close on a particular home, they need must be patient and ready to act quickly for the next wave of listings that come on market.

**Emphasis Flexibility and Compromise:** Your buyer will be more successful by being flexible with home features, demands, contingencies, and concessions. Therefore, they need to know their wants, needs, and non-negotiables and be willing to compromise them. Your buy should be flexible with:

- Contract details.
- Closing details.
- Home features, amenities, type, style, etc.
- Geographical preferences.
- Price.

### 8. Tips for Developing a Competitive-Advantage Offer Strategy:

**Larger Earnest Deposit and/or Down Payment:** More money upfront can boost a seller's confidence in your buyer, make an offer stand out, and give them a competitive advantage.

**Suggest an Escalation Clause:** Establishes max price for an offer on a home with multiple offers and helps gain an advantage during a bidding war.

**Recommend a Pre-inspection:** Can speed up the closing process by allowing your buyer to waive inspection contingencies and decreases their risk by allowing them to cancel the deal before making an offer.

**Be Flexible with Contract Details and Closing Dates:** To gain a competitive advantage, buyers should align their strategy with the seller by letting them choose the closing date and waive or propose contingencies with shorter contingency periods related to inspections, appraisals, and financing. Shorter closing timelines are appealing to sellers who aren't currently occupying the home.

**Get a Strong Lender and Reputable Loan:** If your buyer can't make cash offers, their financing can become more attractive and stand out to sellers when they have a strong lender, reputable loan, and a solid down payment. Your buyer should also ask their lender how quickly they can close once they've found a home within their price range and make an offer..

**Cover Closing Costs:** Since sellers cover closing costs, offering to pay them appeals to the seller, and makes your offer stand out.

**Propose a Cash Offer:** If possible, a make a cash offer - are most appealing to sellers, builds their confidence, and close faster.

**Emotional Appeal:** Some sellers will sell to the buyer they like the most, so communicating your desire to them could give your buyer a competitive advantage. If it seems appropriate, have you buyer right an emotionally appealing letter to the seller so they understand the significance of closing on their home is.

### 9. Don'ts of Homebuying with Your Buyer

Don't overpay or excessively waive contingencies that could put your buyer in financial risk that they might regret.

Don't waive repairs without knowing the related costs and timeline to fix them.

Don't look at homes in the buyer's highest price range. Since houses tend to sell over asking price due to competition amongst buyers. Lowing their price range allows them to compete in bidding wars and offer a littler more on a home.

Don't let their emotions drive their action. Make sure they are rational and logical, so they make a decision that's in their best interest.

# Buyer Agent Scripts

## 1. Scheduling a Buyer's Consultation with a New Website Lead

"I appreciate you for registering on my website, {INSERT WEBSITE}. To best serve you, let's schedule a short phone call for a quick chat about the type of home you're looking for. Let me know when you're available, otherwise, I will reach out to you tomorrow at {INSERT TIME}.

## 2. Schedule a Call with a New Website Lead on a Specific Listing

"You'll LOVE {INSERT ADDRESS}, a lot of folks are interested but aren't committing - and thanks for signing up on my website, {INSERT WEBSITE}. Are you looking for homes only in this neighborhood or are there others? Let's schedule a call, I might know of listings similar in other parts of town..."

- With a phone number: "...Let me know when you'll be available, otherwise, I will reach out to you tomorrow at {INSERT TIME}."
- No phone number: "...What's the best phone number and time to reach you?"

## 3. To Keep Buyers Motivated After Losing a Home

"Anything worth having is worth the struggle. Think about how happy you'll be once we DO close on your new home. The fresh scent of new home smell when you walk through the front door for the first time. How you'll be building equity instead of wasting your hard-earned money on rent. Plus, your new home will be worth thousands more in 5 years, maybe even hundreds of thousands. Remember the three P's: Preparation, Patience, and Persistence. New listings come on the market everyday and I'm confident there will be one that you'll love. Just be prepared and ready to act when it does."

## 4. Increasing Your Value with Buyer

"We're in a highly competitive market with low-inventory which means fast sales, bidding wars, and buyers who overpay. As your dedicated real estate agent with expertise in {INSERT YOUR MARKET}, I'll keep you update with the most recent new listings and local news. I'll guide you to success by preparing you for the intensely competitive nature of our inventory crunch. So, you can make the decisions that are in your best interest, now and in your future in real estate, I'll educate you on the home buying process and all the insider secrets. I'm only successful if you are successful first. My focus is to find a home that you'll love and close on it - nothing else."

## 5. Explain the Fierce Competition in Low-inventory Markets

"Competition is fierce, I recently heard of a home that sold for \$100K about asking price with a cash offer! The good news, that's one less cash buyer in the market for us to compete with, but we could run into one in the future."

## 6. Gaining Competitive Advantage Over Highest Offer

"Sometimes, a seller can get tired of bidding wars and just want to get the selling process over with. So, they choose the better deal instead of the highest offer. If we're flexible with contingencies, let them choose the closing date, shorten the closing period, work quickly, and emotionally appeal to the seller, we can beat offers that are higher than yours."

## 7. Convince Buyer to Lower Price Range

"If we lower our price range, we can reserve some cash for repairs, renovations, increase your down payment, add an earnest deposit, and/or compete if there are multiple offers. We'll continue to look for all the homes within your budget but consider more affordable homes more seriously."

- If yes, "Great, let's discuss our initial and multiple offer strategies."
- If no, "If you don't want to lower your price range, would you be willing to make an offer on a home outside of your desired neighborhood and/or with less of your wants?"

## 8. Prioritizing Geographic Preferences Versus Wants

"Let's say we find a home that fulfills all your needs, most of your wants, but it's not in your desired neighborhood. Would you make an offer?"

- If yes: "Great, how many streets away would you consider?"
- If no: "If your desired neighborhood is a top priority, which of your wants would you omit to live there?"

## 9. For Laughs

"Do you know what the hottest part of a home is during winter? All the corners because they're always 90 degrees."

# Other Tips

## Ask the Seller:

- Ask the Seller what you and your buyer can do to close on the home. Sometimes, the seller isn't just looking for the highest offer but rather the best offer for them. If the price and contingencies required are unreasonable, you can save time simply by being direct.

## Proactively Look for Listings:

- **Reach Out to Your Sphere of Influence.**
- **Leverage Your MLS Database.**
- **Host Open Houses:** A homeowner might look for a home before listing their home. An open house is a great strategy to not only show a home to sell it, but also to meet new buyers, and prospect sellers.
- **Attend Open Houses:** If an agent is selling one home, they could be selling another. Go to an open house and build a relationship with the listing agent, even if you don't plan on making an offer on that specific home.
- **Try Geographic Farming.**
- **Agent-to-Agent Referrals:** Some agents know about a new list even before it goes on market. Leverage your network to see if they know of anyone motivated to sell but haven't listed, are moving out of town, or looking to buy before selling.
- **Check Out Listing Portals:** Such as Zillow, Trulia, Realtor.com, Craigslist and other third-party websites.
- **Contact Expired Listings**
- **Connect with Sellers on Social Media:** Use local forums on Facebook and OpenDoor to connect with seller prospects and find new listings for your buyer.
- **Talk to Leads Who Use the (CMA) Tool on Your Website.**
- **Call FSBO's: Focus on FSBO's with 61+ DOM.**
- **Contact Investors, Property Management Companies, and Builders.**