

Bidding wars are cooling off: How to prepare for a shift

What happens when the market starts to tilt in buyers' favor? Here's what agents need to be thinking through, preparing for and learning about to better serve their future clients

It won't be like this forever. Low inventory, [multiple offers](#), properties selling within hours, limited showings and lines of people standing outside waiting to get in a house. We have all gotten used to this “new normal,” but if you are a newer agent, you don't know any other way. You have likely been functioning in chaos with [buyers and sellers](#). Current market conditions haven't really allowed for a lot of client development, incubation and objection-handling skills. Just about every open house has buyers coming through with agents, or the buyers already have an agent who sent them to see the house, having grown weary after showing them 20-plus homes.

Objection handling? It's been, for the most part, nonexistent in today's “do you want the house or not?” environment. The biggest debate has largely been how much to offer over the asking price and what terms should you tilt in favor of the seller to [sweeten the deal](#).

Even seasoned agents need to learn to prepare for a changing market. Every market shift is a bit different, along with the reasons that caused it. While some basics never go out of practice, the tools and technology available since the last market shift have dramatically changed. Here are 10 ways all agents can prepare for a market shift.

1. Incubate, incubate, incubate

Despite all the craziness in the real estate market, not every buyer you encountered was able to buy. Buyers were getting [priced out](#), growing

tired of putting in offer after offer, stretching way beyond their comfort zone — which was still not good enough.

There were also some sellers who wanted to sell, but pulled back due to concerns about where to go, [lack of inventory](#) for sale and rent, and high costs in general.

Stay in touch with these people, and send them relevant information on any changes happening in your market. For example, are properties staying on the market a bit longer than they were? Are there any price reductions happening? In what price ranges? Is inventory building a bit in any specific neighborhoods, or is new construction appearing to be an option when it wasn't before?

Knowledge is power, and people *need* information to make decisions. If you had potential sellers who were interested in [relocating](#) to a particular city or state, check in with them to see if that's still their plan or if they are considering other places. Perhaps they just want to stay local. If they want to check into other destinations, serve as a resource by referring them to agents in those areas who can help, and get an update on market conditions where they want to explore living.

This could potentially pique their interest and reawaken their desire to sell. They may have been overwhelmed with crazy market conditions before, felt they would have little to no time to plan their move and would have had to settle for something they really didn't want.

2. Buyers may have longer decision times

As the market changes from blazing-hot to lukewarm, expect to see some pushback from buyers when it comes to making an offer, particularly if they are reentering the market after the pandemic boom.

They may be less inclined to want to write an offer on *every* home they see. (After all, they got caught up in that game before.) Buyers could become more particular and pass on homes that *could* work in favor of the one that truly checks most of the boxes for them. This could translate into agents showing more homes over a stretched-out period of time. Although there were many offers written during the pandemic market, now, you might find agents showing more homes but writing less offers.

3. More in-person showings

As we see the market shift, it is quite possible that [out-of-area buyers](#) will actually be able to plan a trip to look at properties on the market. Much of this depends on price point and the types of properties they're interested in seeing.

Even if they don't find something during their trip to the area, the ability to go and tour neighborhoods, and actually see a few homes in each area will be a dramatic shift from our current reality. During the pandemic, properties went under contract so fast or had limited showing times (with offers due within one or two days), and the number of options dwindled before buyers came into town.

4. Return of the tire kickers

Guess what? They are back! Well, they *could* be in some places. If you are a newer agent, you likely haven't had the pleasure of working with [these kinds of buyers](#) as things have been too frenetic and urgent for tire kickers to have any place in the current market.

Between the COVID-19 screening forms (in some areas), along with proof of funds and preapproval letters required just to show properties, these "might buy someday" types had to sit on the sidelines.

When it comes to tire kickers, seasoned agents know what I'm talking about. You would be hard-pressed to find an agent who's never got roped into working with at least one or a few of these throughout their career.

The key is to learn how to detect [these types](#) early on and not make a habit of working with them, as there can be no end in sight. Sometimes, it's not always easy to tell, and based on the information they share with you, they might appear as viable buyers — if not right now, perhaps in the not-too-distance future.

Don't be afraid to ask qualifying questions — and lots of them. He who asks questions takes control. Buyers and sellers only volunteer information they feel is necessary, and many say one thing and end up doing another.

Tire kickers may end up buying, but they may not end up buying with *you*. They may end up going with someone else, even after you spend countless hours, days and months researching information, showing properties, analyzing comparables, running cost scenarios, or finding contractors who can accommodate their special requests.

These type of buyers often end up buying something they claim was on a whim, which you find out about when you contact them about that almost-impossible-to-find property that just hit the market.

You can test-drive the tire-kicking types by setting limits on how long you will work with them. Maybe go out a couple of times at the most to show them properties. As you spend time with them, your gut instincts will guide you as to how serious they actually are.

If you are getting fuzzy answers to your questions, and they don't seem to be too keen on moving the needle after seeing a few homes that fit what they are looking for, it's time to move on.

5. Pricing

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When a market shifts, [pricing](#) becomes more important than ever. While a seller could throw a pie-in-the-sky number out there and have buyers come running (as we've experienced in our current market), that may no longer be the case when the tide turns.

As a new agent, it is important to get an accurate grip on how to [price properties](#) to sell. Studying comparable sales in depth is key, but also, be mindful of current market conditions at the time you will be listing the property. What happened six months ago may not be the case now, and you need to know how to articulate the particulars of the what and the why behind the numbers.

Contact agents with comparable listings that are active and under contract and any recently closed sales to see what you can find out about their selling process. How many showings did they have? How many offers did they receive? Speak with appraisers in your market to get feedback on what they are seeing as well.

Share this information with sellers to set and manage realistic expectations. They may think every home coming on the market is still getting 20-plus offers, but when you tell them that the house up the street only received three, they may be more inclined to curb their enthusiasm a bit and concede that [overpricing](#) their home by x amount over the next soon-to-be-closed sale may not be the best idea.

6. Prep for sale

It was easy to get lazy in our current market and [not put sellers through the 50-point checklist](#) of getting their home [ready for sale](#). They may have cleaned it up a bit, but repainting, staging, upgrading countertops, buying new appliances and having every little thing fixed before coming to market fell by the wayside.

After all, the house was likely going to sell within a day or two, plus delays in getting appliances due to COVID, so why bother?

As markets change, the level of prep for sale may also need to change. Sellers may need to go back to putting a bit more effort into their properties before putting them out there for all to see. Throwing something on the market that hasn't been updated, cleaned up or is in disrepair may not fly off the shelf the way it did in our pandemic-induced market.

Buyers may take longer to make a decision, and as such, they will be a bit more particular. Properties that don't appear [well-maintained](#) may be passed over in favor of those that are better presented.

Agents will need to learn how to coach sellers on getting their property ready for sale. Newer agents may not have had to deal with this, because in a market with low inventory and crazy-high demand, none of that really mattered.

But real estate markets can be fickle, and what might not have mattered three months ago does now. As a new agent, there is a plethora of information available on prepping a home for sale. Learn the tips, tricks and hacks to [make the process easy for sellers](#).

This includes building a roster of trusted vendors who can assist — from contractors, painters, cleaning services and landscapers to the general handyman who can take care of all other stuff no else can or seems to

be willing to. This will eliminate the stress of the seller trying to find the right people to tackle the work.

7. Longer marketing times

Although the idea of a home taking longer than one or two days to sell seems inconceivable, seasoned agents know better. Ask any agent who has been in the business for awhile in your market as to what a more “normal” marketing time used to be for different price points.

Although the least expensive properties will typically sell the fastest, no matter the market, the mid-to-upper range, as well as luxury and uber-luxury properties might not move as quickly. Seasoned agents are used to taking on listings they’ve been married to for six months to a year (and sometimes more).

If a property is quirky or unique, marketing times may be longer because there are more choices, and a buyer won’t make an offer for the sake of just being able to get a property under contract.

If inventory climbs and marketing times lengthen, it will be critically important to service sellers during the life of the listing. Communication and frequency of updates are key — along with a constant review of the property’s position among competing listings in the marketplace.

If more new construction options become available, this could also impact the days on market of resales. Be sure to keep tabs on what’s happening with new construction in your area to see if builders are rolling out more spec home options that are close to being finished or newly finished. Check if they’ve revised any of their offerings to be more buyer and real estate agent-friendly, such as closing cost incentives, increased commissions or selling bonuses, to name a few.

You will need to diligently follow up with agents to gather detailed feedback, communicate that to the seller, and put this in a trackable report for them. It is helpful when you can recap the showing activity in a report so sellers can see the big picture.

Are there any trends emerging from feedback that are potential roadblocks to a sale? Can any of those be addressed? Review and discuss your input and suggestions with the sellers. You will need to keep them informed about what is happening in the market and the status of all properties that are considered direct competition.

Did anything recently go under contract? If so, did that property sell to a buyer who looked at your listing? Have any price reductions occurred or any recently closed comparables that could affect pricing? Based on what may be transpiring around your listing, along with showing feedback, you may need to propose a price reduction.

Be honest and upfront in relaying all information, but be diplomatic at the same time. It is important that you tell sellers what they *need* to hear instead of what they *want* to hear. Reinforcing what they want to hear will only result in the property not selling and the listing expiring with you as the listing agent.

Always come to the sellers with the solution instead of the problem. Be willing to shift gears and adjust accordingly during the life of the listing, and incorporate various marketing approaches to the property based on market conditions, the property and what has transpired. There isn't a one-size-fits-all approach to every property.

8. Buyers turned sellers who overpaid

If you worked in real estate during the market crash in 2008 and 2009, you know what I'm talking about. Everyone who bought property for fun

and profit in the years leading up to that wanted to cash out before everything crashed and burned.

The problem was, just about every seller was overleveraged with first and second mortgages on properties they barely had any equity in, other than inflated values that quickly punctured when the market started to deflate.

Can you say the words “[short sale](#)”? If the seller wasn't able to pursue a short sale, the question that was always asked on a listing appointment was: Can you bring any money to closing?

While a new agent may not know what a short sale even means (and let's hope none of us have to revisit the days of loss mitigation 101 again), there are a lot of people who have bought during the past year or so who have overpaid on some level. Some buyers overpaid slightly — others overpaid by *a lot*.

Should that pandemic-related move not work out for whatever reason, and those buyers (now turned sellers) decide they want to sell for whatever reason, Houston, we may have a problem.

As a result of a market shift, the price they can sell for may be less than what they bought their home for. While this news is never easy to deliver to a seller, they probably have a hunch. After all, the person who paid \$100,000 over asking within the last year and a half may not be able to ask \$100,000 more in a short period of time. And it's more than likely that their neighborhood reached its saturation point.

They may have to price it significantly less than what they paid.

It's important for a new agent to have a solid understanding of what a seller's closing costs are in their market. They should understand how to calculate them as well as work with their title or escrow company to gain

an understanding of all fees. They will likely need to assist the sellers with understanding how much money they may need to bring to the closing table if there will be a loss.

***Editor's note:** The points below appeared in Cara Ameer's previously published Inman article, [How to couch armchair expert advice](#).*

9. Contract terms

This is another area where [armchair experts](#) surrounding a buyer or seller often get it plain *wrong*. Most haven't read a current real estate contract and related forms and have a lot of misperceptions about how things work.

They may be referencing things from their last real estate sale 10 or more years ago, which happened in a completely different state. Some buyers are told they don't have to show how much money they are putting down and can just put a deposit down to show good faith.

Unfortunately, an offer cannot be evaluated based on the escrow deposit alone.

Many buyers are told they can cancel the contract in a certain number of days, almost like an infomercial advertising a product. Sellers may have been told they can get out of their contract if they don't like what a buyer is doing and find another buyer. Not so fast.

This is where an agent needs to review the contract and what the rights and obligations are required of the buyer and seller. Buyers need to understand what provisions allow them to get out of the contract and what the time frames are for doing so.

Buyers also need to make sure they understand that once they move past contingencies, their ability to cancel a contract at that point would not come without [financial](#) consequences (as it relates to their escrow

deposit). Coach buyers to direct all contract questions and interpretations to you — not their well-meaning friends or relatives.

10. The state of the real estate market

Nearly everyone has an opinion on this one. Depending on the state of the market, buyers may be told that the market is about to crash and that they shouldn't buy or *overpay* for a property right now.

Buyers may also be told that it's a buyer's market and they can get a deal, or they may be told to hold out because a wave of [foreclosures](#) is likely coming. All of this armchair advice is typically based on opinion, not facts, and it can have damaging consequences.

Sellers may have a false sense about how much their home is really worth and what terms they can dictate to buyers. Just because one home in the neighborhood got a crazy asking price and terms doesn't mean that every house in the neighborhood is going to sell in the same way.

Agents need to combat this by not only having a strong understanding of their local market, but also the broader real estate market on a national level. Keep current on the latest real estate information and economic updates, and be a voracious consumer of all things real estate by reading, attending conferences and webinars, and just talking to agents, appraisers, builders, and lenders.

This way, you will be full of talking points to tackle unfounded perceptions, and you'll be able to refute various opinions with substance and facts.

An agent will always have to combat bad advice and misperceptions about the buying and selling process. Agents who have a command of market data and insight will be the ones best equipped to dispel

misinformation and aptly guide buyers and sellers to make good decisions with the information they have.