

Seller Script – Selling Below Appraised Value

Seller: What is the value of my home?

Agent: Today we can support the value of \$500,000

Seller: If this is the value, then I want \$500,000 for my home.

Agent: I appreciate that and also want you to get top dollar for your home, however we are in a transitional market, so it is important to understand what that means. Let me ask you a question, do you think a homebuyer today is the same homebuyer from 3 to 6 months ago?

Agent: You see, a buyer today is shopping in the present and with today's rising interest rates they have to pay more for the same priced house. An appraiser, however, works off historical data, using comparable sales from 3 to 6 months ago to get the value of \$500,000.

Agent: In today's market it is extremely likely that we will see a disconnect between the value an appraiser can support and what a buyer is willing to pay.

Seller: So, what is the solution? What are you proposing?

Agent: We need to consider giving the homebuyer a credit at closing which can be used to lower their interest rate, making our listing more attractive. Most homebuyers are more focused on monthly payment than a reduction in sales price.

Agent: For example, to a buyer in today's market, it would be more attractive to a buyer if we were selling at \$500,000 with a credit of \$15,000 to lower the buyer's interest rate (lowering their monthly payments), versus if we sold at \$485,000 with a higher monthly payment. You receive the same proceeds in both examples, however, the first one will sell faster in most instances.

Agent: Bottom line, this approach can help us market your home better, attracting more buyers and selling faster.

Seller: I still don't understand why I should not be getting \$500,000.

Agent: Remember, a buyer today is different than a buyer from 3-6 months ago. As the Federal Reserve continues to raise interest rates it will continue to slow buyer demand, leaving more inventory for sale in our local market. This creates more competition among sellers resulting in price reductions.

Agent: A typical price reduction can be 3-5% and in some cases more overtime, depending on how long we are on the market. Instead, we can lower the buyer's payments with a seller concession by only 3% and sell the home faster, preventing any further price reductions. Time always equals money.

Agent: Simply put, a \$15,000 credit to a buyer is less than a \$25,000 reduction in sale price and risk of further reduction.