



Negotiating to Yes

Negotiating a purchase agreement is the trickiest aspect of any real estate transaction.

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Most home buyers and home sellers want to arrive at a win-win agreement, but that's not to say either side would regret getting a bigger "win" than the other. Successful negotiating is more than a matter of luck or natural talent. It also encompasses the learned ability to use certain skills and techniques to bring about those coveted win-win results. Here are six tips and suggestions to turn negotiation into agreement:

1. Start with a fair price and a fair offer. There's no question that significantly overpricing your home will turn off potential buyers. Likewise, making an offer that's far lower than the asking price is practically guaranteed to alienate the sellers. Asking and offering prices should be based on recent sales prices of comparable homes.

2. Respect the other side's priorities. Knowing what's most important to the person on the other side of the negotiating table can help you avoid pushing too hard on hot or sensitive issues. For example, a seller who won't budge on the sales price, might be willing to pay more of the transaction costs or make more repairs to the home, while a buyer with an urgent move-in date might be willing to pay a higher portion of the transaction costs or forgo some major repairs.

3. Be prepared to compromise. "Win-win" doesn't mean both the buyer and the seller will get everything they want. It means both sides will win some and give some. Rather than approaching negotiations from an adversarial winner-take-all perspective, focus on your top priorities and don't let your emotions overrule your better judgment.

4. Meet in the middle. Can't decide who will pay the recording fee? Can't agree on a close-of-escrow date? Arguing over cosmetic repairs? Splitting the difference is a time-honored and often successful negotiation strategy. Pay half the fee. Count off half the days. Fix half the blemishes.

5. Leave it aside. Politicians and corporate executives are famous for their "for future discussion" agreements. If you have a major sticking point that's not material to the overall contract (e.g., the purchase of furniture or fixtures), finish the main agreement, then resolve the other difficulties in a side agreement or amendment. This technique allows both sides to recognize and solidify basic areas of agreement, then move ahead toward a fair compromise on other terms and conditions. Summarizing the points of agreement in writing is another helpful strategy.

6. Ask for advice. Successful REALTORS® tend to be experienced negotiators. They've seen what works and what doesn't in countless real estate transactions, and they've established a track-record of bringing buyers and sellers together. Consult your REALTOR® about negotiating strategies, win-win compromises and creative alternatives.