

3 STEPS TO WINNING EXPIRED LISTINGS

**HOW TO MASTER THE SELLER PSYCHOLOGY &
IMPROVE YOUR STRATEGY FOR EXPIREDS**



KEEPING CURRENT MATTERS

EXPIRED LISTINGS CAN BE AN INCREDIBLE OPPORTUNITY IN TODAY'S REAL ESTATE

The problem is most agents...

- Don't know how to differentiate themselves from all the other competition targeting expired listings
- Think expired prospects are not worth following up with
- Don't have a plan to convert an expired listing into a closed sale

The opportunity for real estate professionals lies in understanding three critical steps that, if followed, will lead to winning more business from expired listings.

This eGuide and the video accompanying are designed to help you:

1 Master the Seller's Psychology

- 2 Review 3 Factors That May Have Prevented the House from Selling
- 3 Understand the Seller's Options

With these three steps, you'll build trust and differentiate yourself from the rest of the agents trying to win the expired listings in your market.

Any agent can call an expired listing or knock on their door. But what most agents out there don't understand is the mindset of the homeowner whose house didn't sell.

Knowing what this person is likely thinking and feeling is pivotal in helping you gain their trust, ease their concerns, and ultimately turn them into a client. That's precisely what this eGuide will show you.



The opportunity for real estate professionals lies in understanding three critical steps that, if followed, will lead to winning more business from expired listings.

STEP 1: MASTER THE SELLER'S PSYCHOLOGY

Understanding a little bit about human psychology is key to your success with expired listings. Let's begin by identifying the three different human behavior patterns you may notice when interacting with a seller whose listing has expired.

- 1 Rationalization
- 2 Reaction Formation
- 3 Displacement

1. Rationalization

When people don't get what they want or attain a goal they've set, rationalization often sets in. This is a normal human behavior pattern that helps people avoid depression.

For example, when a couple experiences a breakup in their relationship, each may rationalize it by saying, *"He/she wasn't right for me anyway."*

Using a real estate example, if a buyer's offer on a house is rejected, he might say, *"That's okay... that house really wasn't right for me anyway."*

In the case of expired listings, the homeowner is naturally disappointed that their house didn't sell.

To overcome that disappointment, they'll start rationalizing that the right thing happened anyway—that *"things happen for a reason," "I wasn't 100% sure I wanted to sell,"* or *"we weren't meant to sell now."*

2. Reaction Formation

When a person feels a certain way (*perhaps sad*) but acts in a different way (*cracks jokes*), that person is displaying a reaction formation.

People do this to hide their real feelings, so they don't appear vulnerable.

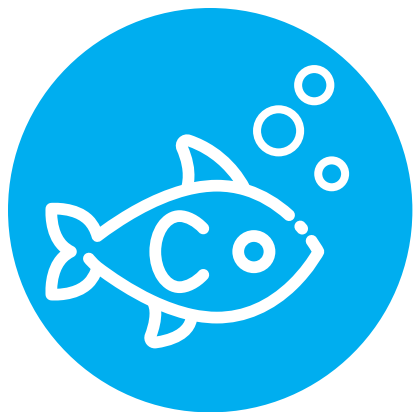
Here's a classic example of a reaction formation in action.

Suppose you have a friend whose father passed away. She was very close to her father and is obviously saddened by his passing. However, she wants to be strong for her mother, so at the funeral she cracks



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jokes and tells funny stories. This is her reaction formation kicking in. If you didn't know her, you'd think she was being rude for being so light-hearted at her father's funeral, when in reality she's using humor to hide her real feelings.

We see this happen in real estate, too. When a seller's home doesn't sell by the listing termination date, they may be very upset or mad on the inside, but on the outside, they may seem aloof, shrug it off, and say, "Oh well... it didn't sell. C'est la vie!"

An unskilled agent may interpret that as a sign that they won't re-list because they don't care, when in reality they're very upset by their home not selling.

3. Displacement

Sometimes people are upset, mad, or annoyed at one person, but they take out their frustrations on another person. This is called displacement.

You've likely been on the

receiving end of displacement many times. For example, your spouse had a bad day at work and comes home upset.

Nothing anyone at home does is right. Your spouse is displacing her frustrations about work on her family, even though the family had nothing to do with making her upset.

Think of displacement as playing out like this: *"The boss yells at the worker, the worker yells at their spouse, the spouse yells at the kid, the kid kicks the dog, the dog bites the cat, and the cat eats the goldfish."*

Realize that when you're dealing with expired listings, you will sometimes be the goldfish.

Knowing these three human behavior patterns will help you navigate through the various re-listing scenarios you might find yourself in. We'll dive deeper into these scenarios in the last section of this eGuide.

STEP 2: 3 FACTORS THAT MAY HAVE PREVENTED THE HOUSE FROM SELLING

Helping the seller see the things that may have prevented them from selling the house will position you as a trusted advisor who's there to help vs. just get the listing.

They certainly don't want the listing to expire again, so make sure you understand and address the factors that contributed to it not selling the first time.

Let's go over the three primary components for making a listing sellable.

1. Having Proper Access

Don't allow the homeowner to say you can only show the house on Tuesdays and Thursdays between this time and that time. Or that you can't show it on Saturdays because the kids are home all day.

In any market, if you want a house to sell, you have to give potential buyers access to the home. If accessibility isn't there, it's going to cost the sellers in price and time.

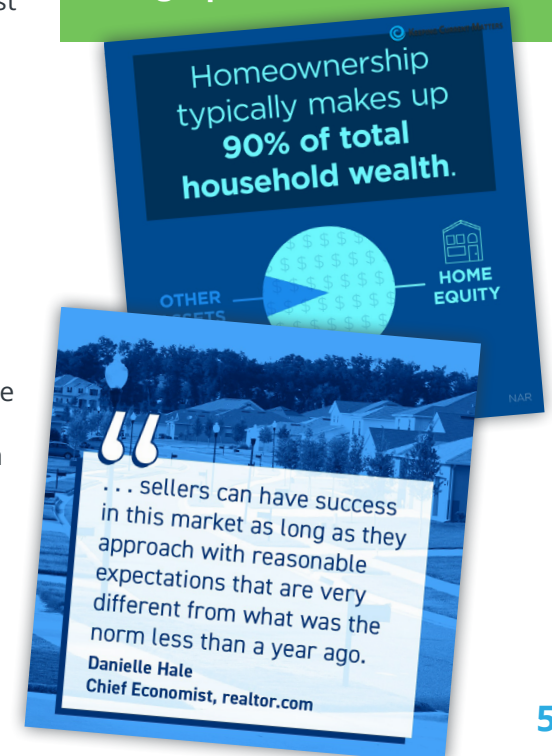
2. Making It Look Good

In order for the house to sell, it must look inviting. Every real estate professional hopes his or her sellers use a professional stager to make the house look great, but that doesn't always happen.

Some people don't have the finances or wherewithal to bring in a stager. But they might have the wherewithal to buy a can of paint and update the room that needs a fresh coat. Or they might have the wherewithal to rent a steam cleaner and clean the carpets, even if they do it themselves. They may also have the wherewithal to hold a garage sale and get all of the junk out of the garage.

Suggest what needs to be done and why.

• **PRO TIP:** Research shows using professional visuals and infographics makes presentations 43% more effective. Download them to your phone or tablet to have on-hand the next time you talk with a client! Go to TryKCM.com to download current visuals and infographics.



3. Pricing It Compellingly

In most markets, price is the single most important factor. In fact, it's so important that price can often compensate for the other two factors: access or condition.

If a house is priced compellingly, it's going to sell. Period.

Make sure you take the time to sit with the seller, look at their original sales price on the expired listing, and let them know how their price impeded the sale.

Continue sitting with them through the pricing process, showing them graphs, charts, and anything else that can help them understand what the current market is demanding.

This goes beyond just doing a CMA (current market analysis).

This is about knowing what's happening with real estate prices in your marketplace, understanding what factors are affecting the market, and sharing that information with your sellers in order to define the right price for the listing.



• **PRO TIP:** Use a digital or printed KCM Sellers Guide that to position yourself as a trusted advisor and leave a lasting impression.

Go to TryKCM.com to download the current Sellers Guide.



STEP 3: UNDERSTAND THE SELLER'S 4 OPTIONS

When you meet with someone after the listing has expired, you shouldn't be trying to convince them to sell their home (that's what salespeople do).

Instead, you should be helping your seller discover what their options are, explaining the pros and cons of each option, and then letting them make the decision that's best for them and their family.

That's what a trusted advisor, with the heart of a teacher, does for their clients.

When a listing expires, every seller has four options to consider. That's when you'll see the described human behavior patterns come into play.

- 1 Re-list with their current agent
- 2 Take the house off the market
- 3 List the house For-Sale-By-Owner (FSBO)
- 4 Re-list with a new real estate agent (you!)

Option 1: Re-list with their current agent

For whatever reason, their house did not sell. Perhaps the homeowner now realizes how difficult the housing market is

or that the listing price was too high, or perhaps they're now acknowledging that they didn't listen to their agent's advice.

Therefore, they may want to give the agent a second chance. That's a perfectly okay thing to do.

If that's their decision, as per the code of ethics, you need to wish them well and walk away.

The only question to ask before you leave is, "How long did you extend your contract for?"

When a listing is about to expire, sometimes an agent might ask the seller for an extra week so he or she can follow up with one particular buyer who expressed interest in the house.

Chances are that week-long listing won't get placed in the MLS (Multiple Listing Service), so you wouldn't know the new contract termination date.

If the seller says that the re-listing contract is for more than a few days, then it will be on the MLS and you can look for the new expiration date sometime in the future.

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Option 2: Take the house off the market

When the seller says, “I’m taking the home off the market – it’s no longer for sale,” realize that rationalization has likely set in.

There’s no doubt that if someone puts their house on the market and the house doesn’t sell, they’re going to be upset.

In their mind, no one in the marketplace thought the house was worthy of the sales price.

From a human behavior standpoint, they don’t want to get depressed, so they go into a rationalization mindset and say, “Well, we didn’t really want to sell the house anyway. This idea of making a move right now probably doesn’t make sense.”

Don’t allow the seller to rationalize their dreams away. Instead, it’s time for you to rekindle their dreams.

Ask them this simple question: “What made you originally put your home up for sale?”

If that reason made sense a few months ago when they originally listed the house, chances are it still makes sense now.

So, rekindle that dream.

Don’t let them throw away what their family should be accomplishing and what goals they should be attaining.

Just because the house didn’t sell during the last listing contract doesn’t mean the house will never sell or that it shouldn’t be sold.

So, make sure you uncover the original goal and then rekindle it for the seller. They deserve to attain their goals.

“Don’t allow the seller to rationalize their dreams away. Instead, it’s time for you to rekindle their dreams.”

Option 3: List the house For-Sale-By-Owner (FSBO)

When someone says they want to For Sale By Owner, and you push them not to, you may find yourself the recipient of displacement.

You’re going to take the wrath that the original real estate professional who listed the house should probably be taking. The seller might explain to you, at length, everything the other agent didn’t do that the seller thinks should have been done.

Then the seller might explain to you, in depth, what the other agent did that annoyed them or aggravated them. That’s okay. Let them vent. If nothing else, you’ll know what the seller deems important and what he or she expects from a real estate professional.

This will give you great content for your listing presentation when you sit down with the seller.

Now be prepared; the seller might displace in one other way. They might tell you that all agents are not worth anything because their original agent didn’t accomplish the goal of selling the house.

They might paint all real estate professionals with the same brush.

If that happens, the best thing to say is, “Have you ever gotten a bad haircut before?” Of course, the seller will say, “Yes.” Then you say, “Okay... so what did you do? Did you stop getting your hair cut or did you simply change hair stylists?” The seller will say, “I changed hair stylists.”

Explain that there is good and bad in every profession— good and bad hair stylists, agents, teachers, lawyers, doctors, police officers, etc.

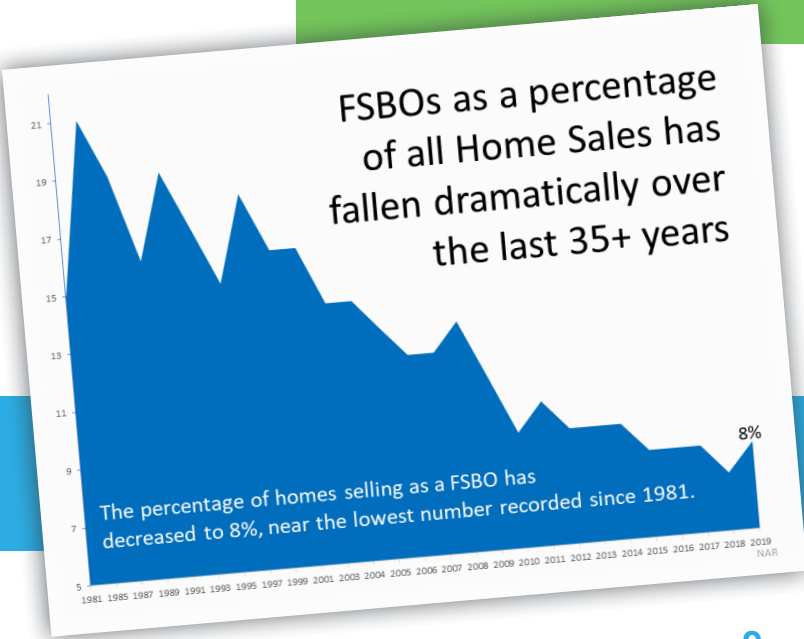
Just because there is good and bad in every line of work doesn’t mean you don’t call on others for the products and services you need. You still get your hair cut, see a doctor, talk to a lawyer, send your kids to school, etc.

You might then say,

“Obviously, in your opinion, the last real estate professional you dealt with didn’t accomplish what you wanted. But you shouldn’t paint us all with the same brush. Let’s go ahead and change hair stylists. Let me sit down with you and show you the differences between the previous real estate agent and me.”



• **PRO TIP:** KCM Members have access to tons of FSBO content with the most up-to-date research on For Sale by Owner. These resources will help you use data to explain the advantages of using an agent.



Option 4: Re-list with a new real estate agent (you!)

This last option is the most critical one that that most agents aren't fully prepared for. When you contact the seller, there are five things you need to do to get them to list with you.

- 1 Build Instant Rapport
- 2 Identify the Seller's Needs
- 3 Explain Your Company Value
- 4 Communicate Your Personal Value
- 5 Develop Trust

Build Instant Rapport- Sellers are not going to trust you until they like you. To get them to like you, you must make sure they understand that you care about them.

So, make sure their first impression of you is a positive one.

Smile, show genuine interest in them and their needs, and look professional.

Those first few moments of your meeting, before the actual presentation begins, will set the stage for rapport building.

Identify the Seller's Needs- You need to prove to the seller that you're there to make sure they're okay. How can you do that?

There's one question you can ask to get to the heart of what they are looking for:

"Mr. and Mrs. Seller, what do you hope to get out of the sale of

your house?" Go in with a blank piece of paper and record their needs along with your answers to those needs, and then list the resources you have to deliver what they want.

Explain Your Company's Value- To help explain your company's value, think of the potential answers above from the seller's perspective.

Your company's value proposition should explain what unique benefits it delivers to the seller and WHY they should choose your firm over another.

Communicate Your Personal Value- Once you've successfully articulated the benefits of your company, you now need to show them why they should work with you over another agent.

Make sure the seller is aware of any designations, classes and services (like Keeping Current Matters) you subscribe to that help you stay abreast of market conditions.

The goal is to give your seller the information they need to make the best decision possible for their family.

Develop Trust- When a listing expires, what the seller needs more than anything is an expert who can sell their house. An expert speaks with confidence, that's how you build trust.

The best way to build trust is to follow what financial guru, Dave Ramsey, says: *"When getting help with money, whether its insurance, real estate or investments, you should always look for someone with the heart of a teacher, not the heart of a salesman."*

Finally, don't be caught off guard if they say, *"Yes, I'm ready to list with you right now."*

The seller wants the house sold. They obviously want to use an agent because they did so the first time.

They might have just investigated who is the best real estate agent or the best real estate company in the market. If they decided that it was you, they might have been just about to call you.

It happens, and when it does, be ready for it.

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POSITION YOURSELF AS THE MARKET EXPERT

Expired listings offer a wealth of opportunity. You simply need to know how to tap into them. Here are the keys to putting these ideas into practice:

- Know the three human behaviors that affect an expired seller
- Become the trusted advisor that helps them determine why their home didn't sell
- Learn to communicate your and your company's value

By using the three steps outlined in this eGuide, you now have a plan to convert every expired listing into a closed sale.

All of the strategies and tactics laid out in this eGuide require resources to develop. At Keeping Current Matters, we create content and tools specifically to position you as a trusted advisor to your clients.



Our resources allow you to provide fresh, relevant content that's professionally designed and personally branded to you – including:

- Social media graphics and infographics
- Seasonal buyer & seller guides
- Personalized blog posts and videos
- Monthly Market reports
- And more featuring the latest, trusted research on the national real estate market

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Ultimately, when you are focused on what sellers are thinking and feeling, when you are prepared for any objection they can throw at you, and when you ensure you have a sellable listing— as opposed to just another listing—you'll find that going after expired listings can bring you tremendous profit each year. So, go out and win the expired listings in your market! It's definitely within your reach.