

AUGUST 2022

# Buyer PSYCHOLOGY

IN REAL ESTATE



FROM :

COURTNEY GRINDROD  
SAPPHIRE ELITE ESTATE AGENTS





Quite obviously, I am not a trained psychologist. I am, however, an experienced estate agent and the contents of this ebook are a culmination of my experiences with home buyers and further external research within the field of real estate. There are generalisations and commonalties that have been identified within our industry and understanding those within the context of a home buyers mindset can be the difference between big and small results.

# INTRO

# WHAT TO KNOW

3

1. NUMBERS AND THEIR PSYCHOLOGY
2. MASLOW'S HIERARCHY OF NEEDS
3. FALLING IN LOVE
4. SELLING A LIFESTYLE AND NOT A HOME





# THE THEORY OF NINE

By this point most of us are aware of the 'charm pricing' strategy where the obsession with nine is based on the idea that the bunch of bananas for \$2.99 is much cheaper than the \$3 bunch. No matter how aware we are, we still succumb to this strategy - it's a quirk of the mind.

## NINE/TEN FOR EFFORT

While the charm pricing strategy can suggest careful consideration has been taken when selecting the price (reducing hagglers), it can often have the opposite effect in real estate transactions. Real estate, after all, is a *premium* purchase and not something to be considered "cheap". This is why the 'prestige pricing' strategy is often argued instead, wherein you round your number off as a higher value and hint at a more *premium* value. But this doesn't necessarily mean rounding to the nearest \$50K block is the goal.

Understandably, the functionality of search criteria needs to be considered. Most real estate platforms create pricing groups to filter search results. If you price at \$700,000 you may not be found by buyers who search at maximum capacity of \$699,000.





# IF NOT NINE, THEN WHAT?



Although avoiding the number nine is a good idea, there are still advantages to *precise* pricing strategies. A 2007 study of real estate transactions found buyers paid more money when the prices were specific. The study theorised the reason being the buyers were "primed with small magnitudes" and the brain was tricked into thinking a figure such as \$462,898.12 is more desirable than \$450,000 - fascinating.

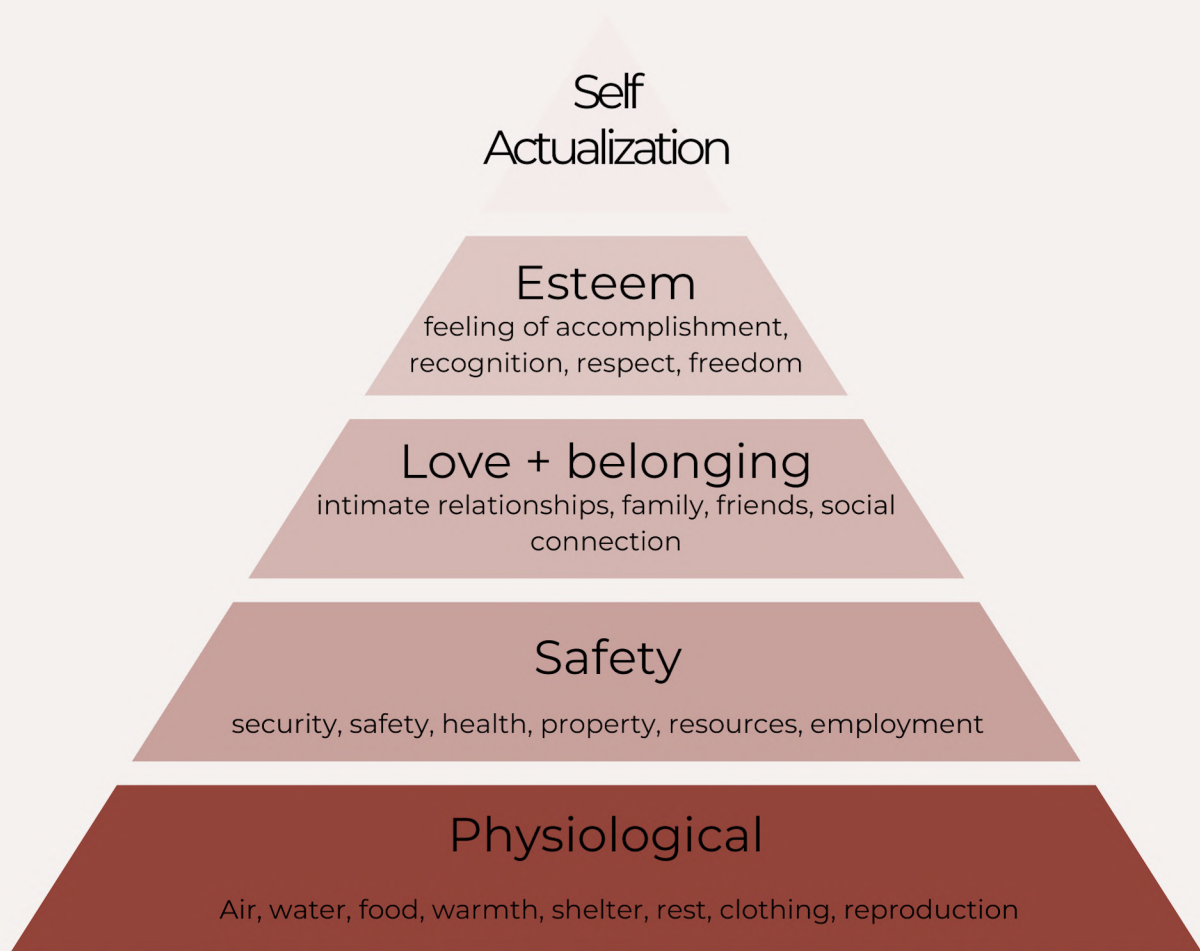
Despite this, it's not necessary to over-complicate something as straight forward as your pricing strategy and you certainly don't need to be as precise as decimal placings. But if not nine, then what? The answer seems to be four and seven. Outside of the first value, it is rare to see either of these figures in the remaining digits of a pricing strategy which leaves room for unique use. A figure such as \$647,000 or \$544,000 both give the important impression of a carefully considered listing price but are equally easy to digest by a buyer.

Furthermore, there are additional studies that report changing the format of your price (i.e \$XXX,XXX OR \$XXX XXX OR \$XXXK), advertising red prices to men, and removing the dollar sign altogether can give very different impressions to buyers.

Remember, your pricing strategy is less about the *actual value* and more about understanding your target buyer and their *perception of the value*. Each tip we offer as part of our advice may only show a small change in the buyer's offer to purchase, but when you are selling property with 6 or 7 figures, a small deviation is still serious money.

# MASLOW'S HIERARCHY OF NEEDS

6



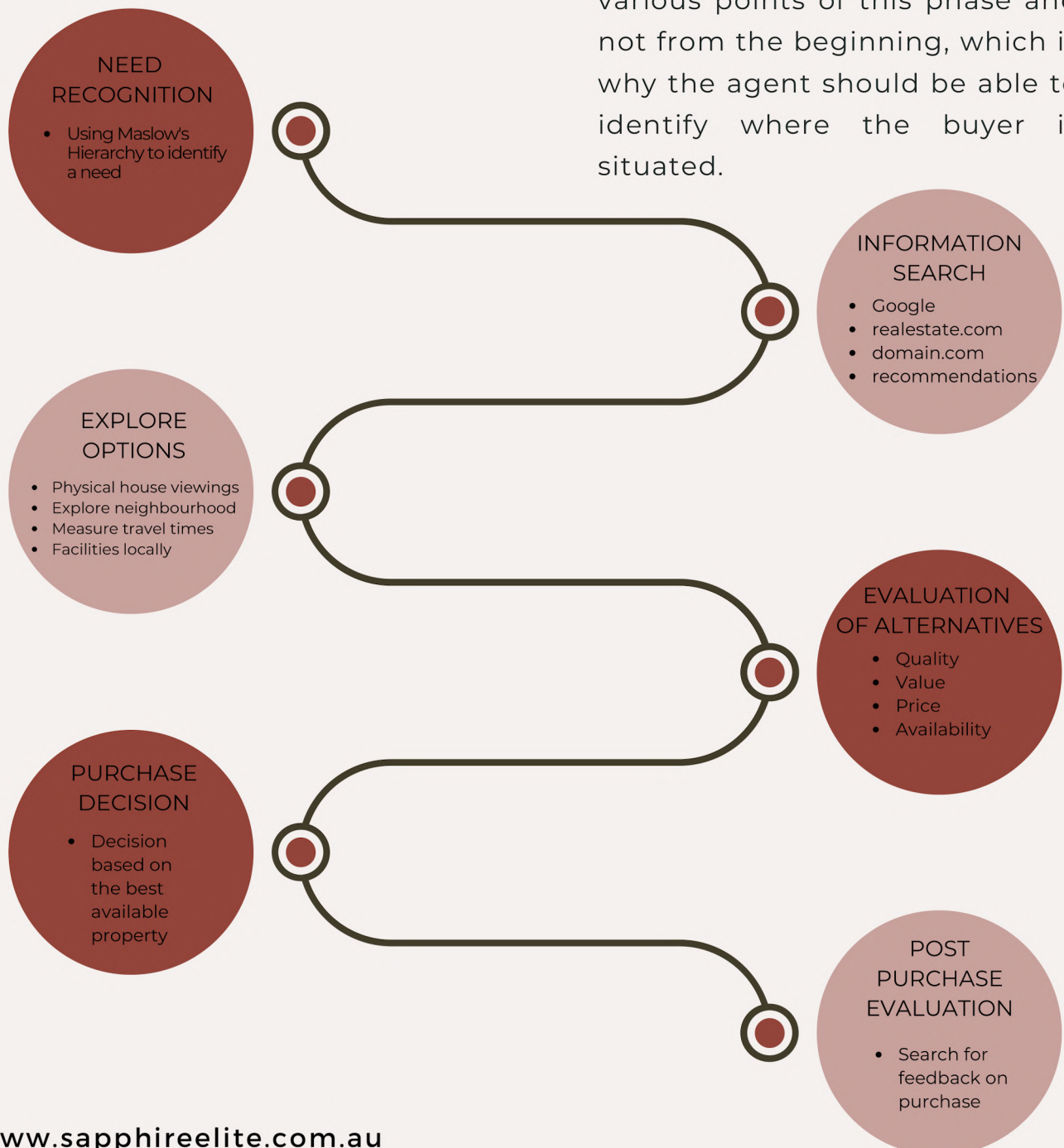
Maslow's Hierarchy is a psychological tool used to show the priority of different human needs. The needs are divided into five levels which are achieved in a hierarchical order starting with the basic needs. Understanding where your ideal buyer is positioned in their life will help you understand their motivation for buying a property.

For example, a buyer in their safety stage would be looking for stability and security whereas a buyer in their love + belonging stage might prefer a home centred around raising their kids and enjoying a community



# THE BUYING PROCESS

Like any chain of movement there is a clear process that a home buyer will move through as they purchase a home. This process begins with the hierarchy as we identified previously, and follows them through to the post purchase phase. A seller or agent may encounter the home buyer at various points of this phase and not from the beginning, which is why the agent should be able to identify where the buyer is situated.



# FALLING IN LOVE



My favourite phrase to repeat to my sellers is "buying is an emotion decision, not logical". A home buyer will almost always purchase a home based on love, feeling, connection, and it meeting their needs, than they will from a numbers or pros v cons list.

Sure, you have lived in your house for however many years and have grown to love it for different reasons, but a buyer doesn't have years to purchase. Infact, they often only have 1-2 viewings to make their decision. It's an agent's job to translate the years of impression by the seller into those 2 viewings by the buyer. How is that possibly accomplished? Great question, and the answer is "not easily".



# FIRST IMPRE SSION

As mentioned, the agents job is to translate years of impression by the seller into 1 or 2 viewings by the buyer. This can only be achieved through their first impression of the property. A study revealed 44% of buyers paid more than asking price because the property made them "feel" more. Statistically, you have about 8 seconds to make a good first impression - make it count.

## SIGHT

The visual qualities of a home are by far their most powerful. A seller must use this human sense to draw eyes to the right places and allow the property aspects to be easily digestible by the buyer. Colour theory is a highly successful strategy in sales, so the styling palette of your home is crucial. Selling in the right seasons to ensure plants are blossoming, grass is beaming green, and the sky is framing your property are also key components.



The "touch" aspect can be perceived in many forms. Clever styling strategies like textured rugs, luxe throws or plush cushions can create feelings based on touch. Elements of cleanliness also contribute here as buyers desire to open cupboards, run their hands along marble countertops, or feel the carpets beneath them. If those elements are unclean it will detach the buyer. External touch points can also include the temperature of cool water during Summer, the heat of fire during Winter or freshly cut grass in Spring,

# SCENT

Often an overlooked sense in the art of selling a home, scent can be a powerfully subtle way to impact your buyers emotions. Scents can be tailored to location (ie oceanside, bush, rainforests) and using neutral scents such as jasmine, vanilla or crisp citrus can really lift the ambience of the room. Scents can also accompany the idea of cleanliness, or lack thereof. Have you ever noticed your own response to a home that smells fresh - did you think it was clean just from the smell? Musty, dusty, or stale houses can easily detach a buyer.

# TOUCH





# SIMPLIFY

11

Undoubtedly the most common tip, and still one of the most effective, is to simplify your property. Buyers are after the right 'feel' which you can only achieve through aesthetics, ambience and presentation, both inside the home and in the grounds. Once you've made the decision to sell you should immediately begin 'dressing' your property. Declutter, and declutter again. Pack away knick-knacks and move as much unnecessary furniture and belongings to storage, Aim to keep your property with a balance of "staged" yet impersonal. Ultimately you want to present a homely property but allow enough room for the buyer to picture their own family there. Sometimes clearing out organisational boards, removing really personal items, and neutralising the space gives buyers the opportunity to fill in their own blanks. Around the yards be sure to declutter all the same and make everything easy to digest rather than "look at all the work that needs to be done". Store away items, mowers, hoses, and chairs etc and keep the canvas as blank as possible.



# STAGE

Most agents will always recommend their sellers to call in the professionals and have the property staged. This is a true investment in the sale of your property and has seen success time and time again. Depending on your price point, a buyer will expect to feel a level of prestige to justify the value of asking price, a justification that can almost always be achieved through the aesthetics of the home. After all, why are display homes staged and not displayed empty - you're only buying the walls and floor, right? Wrong. Buyers are buying the lifestyle, the feeling, the connection. Leave it to the pros to find this balance for your property.





# SELLING A LIFESTYLE, NOT A HOME

Wherever a buyer is hoping to buy their home, they are buying it within a geographical area because they are searching for a lifestyle. Whether it is by the beach, in the country, or close to bushwalks and parklands.

The perceived value of a home goes well beyond the listing price. There is a vast difference between what the banks may value a property at, and what a real estate professional will estimate as market value because we, as agents, understand the psychology of buyers and their demands. Value is not a fixed number - it's completely relative to what the buyer has to gain and what they are willing to pay.

Local agents are able to learn the technical aspects of a home, but they will also understand the local history, good schools and restaurants, best place for a coffee or a walk, the best places to take the dogs and all these little things matter to someone who is buying into a lifestyle. Essentially, the home just becomes a vehicle to achieve the lifestyle,

As the agent, we would want to appeal to the buyer's psychological need to "win" when buying their lifestyle. The more touch points that can be created, the more we will add to their perception of value.

Again, value is relative.



# THINKING OF SELLING?

As an independent and boutique agency, I am dedicated to gifting an exceptional level of service to each and every person I have the pleasure of working with. I will personalize my approach, remain compassionate to your situation, and work hard to achieve your result.



**COURTNEY GRINDROD**  
PRINCIPAL

**0439 206 360**  
**OFFICE@SAPPHIREELITE.NET**

**@SAPPHIREELITEESTATEAGENTS**  
**SAPPHIREELITE.COM.AU**