PURPOSEFUL PRICING



GROUP ACTIVITY: WHERE DO YOU SHINE?

- **Time:** 15 minutes — solo, then pair-share
- **Setup:** Everyone gets the WHERE DO YOU SHINE? worksheet.
- **Task:** Check OWN IT, LEARN IT, or REFER IT for every property type. Honest answers only.

- **Pair up:** Share one OWN IT win and one LEARN IT goal with a partner.
- **Debrief:** What lane are you pricing in today? Should you even be taking this listing?

Before you price a home, know whether you're the right agent for it.



IT'S NOT ABOUT YOU!

ARTICLE 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly.

CMA BUILDING BLOCKS: FIVE CORE TERMS

Term	What it means
Conformity	Value is highest when a property is similar in style, size, and age to others in the area.
Contribution	A feature's value is what it adds to the whole, not what it cost to install.
Regression	An over-improved home loses value when surrounded by lesser-priced homes.
Progression	A modest home gains value when surrounded by higher-priced homes.
Substitution	A buyer won't pay more for a home than the cost of an equally desirable substitute.

COST, PRICE, OR VALUE?

- **Cost** — what it took to build or buy the property; rarely equals what a buyer will pay today.
- **Price** — the amount actually paid in a transaction; reflects that buyer and that seller, not necessarily the market.
- **Market Value** — the most probable price a property should bring in a competitive, open market, with a willing buyer and seller, each acting prudently and knowledgeably.
- The CMA estimates market value — it is not an appraisal, and it is not a guarantee of sale price.

ICE BREAKER





MARKET VALUE



PROS

- Reduces negotiations
- Faster Sale
- Establishes credibility

CONS

- Limits flexibility



COMPETITIVE PRICING



PROS

- Generates Interest
- Leads to Multiple Offers
- Creates Ugency

CONS

- Perception of undervalue
- May leave money on the table



OVERPRICING

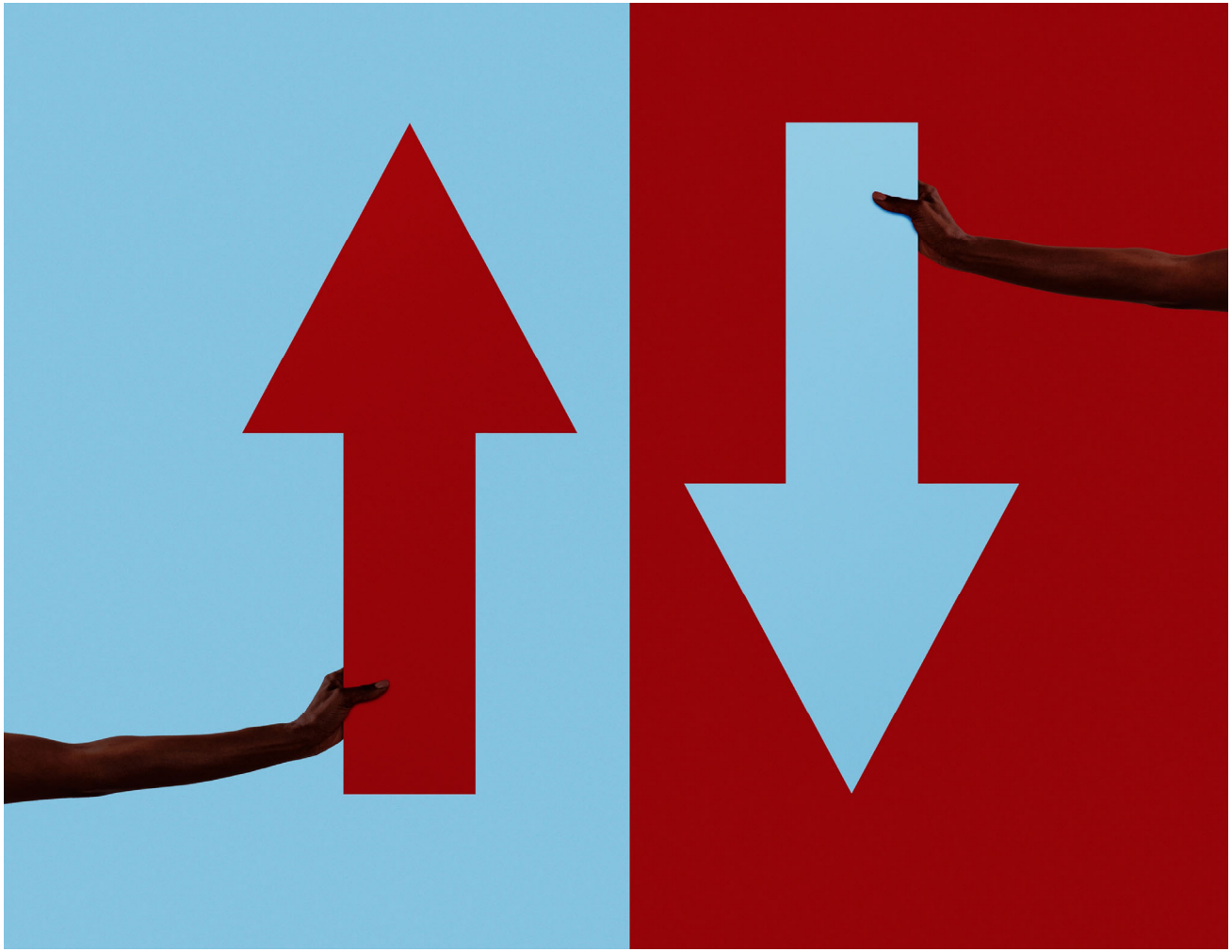


PROS

- Negotiation Room
- Attracts buyers that want a “Deal”

CONS

- May deter buyers
- May become stale



UNDERPRICING

SELECTING COMPARABLES: THE GUIDELINES

- **Location —** same neighborhood first; target radius roughly ½ mile urban, 1 mile suburban, 5 miles rural.
- **Date of sale —** within 90 days in a changing market; up to 6 months in a stable one. Older sales need time adjustments.
- **Size —** living area, room count, garage, and lot size within a reasonable range of the subject.
- **Fannie Mae guidance —** match style, condition, and location to the subject's relevant characteristics, not just a generic nearby sale.
- **Use 3–6 comparables —** including active, pending, and sold listings to see the full picture.

Zoom out before you zoom in. The outliers tell you where the real story lives.

GROUP ACTIVITY: MARKET AT A GLANCE

- **Time:** 10 minutes — teams of 3–4
- **Setup:** Each team gets the MARKET AT A GLANCE handout — 10 Hidden Oaks comps on one page.
- **Task:** Scan before you adjust. Answer the five questions on the sheet. Flag outliers, distressed sales, and expired ceilings.
- **Debrief:** Which three comps anchor a $470K–$485K list price? Which comps did every team throw out?



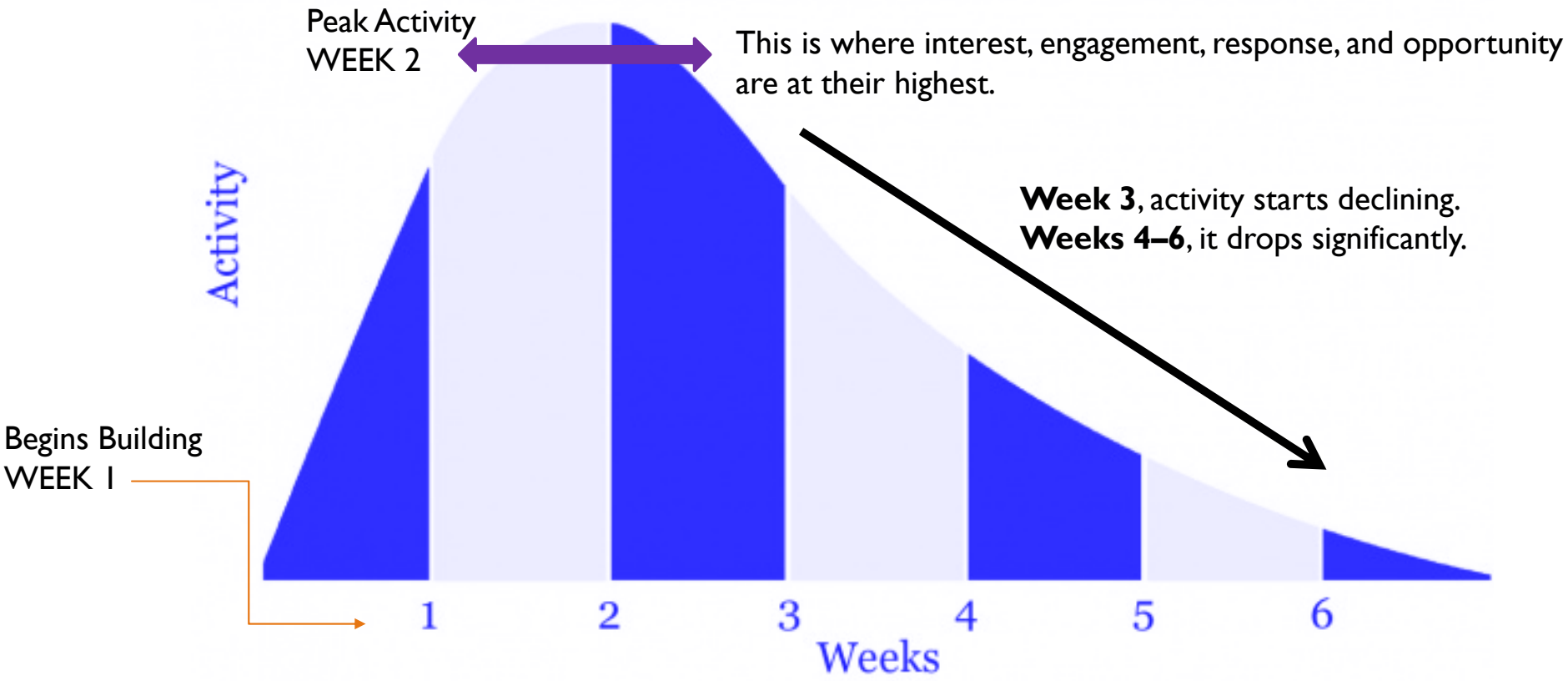
PROS

- Attracts many buyers
- Can lead to multiple offers
- Sense of urgency

CONS

- Risky
- Some sellers may be uncomfortable

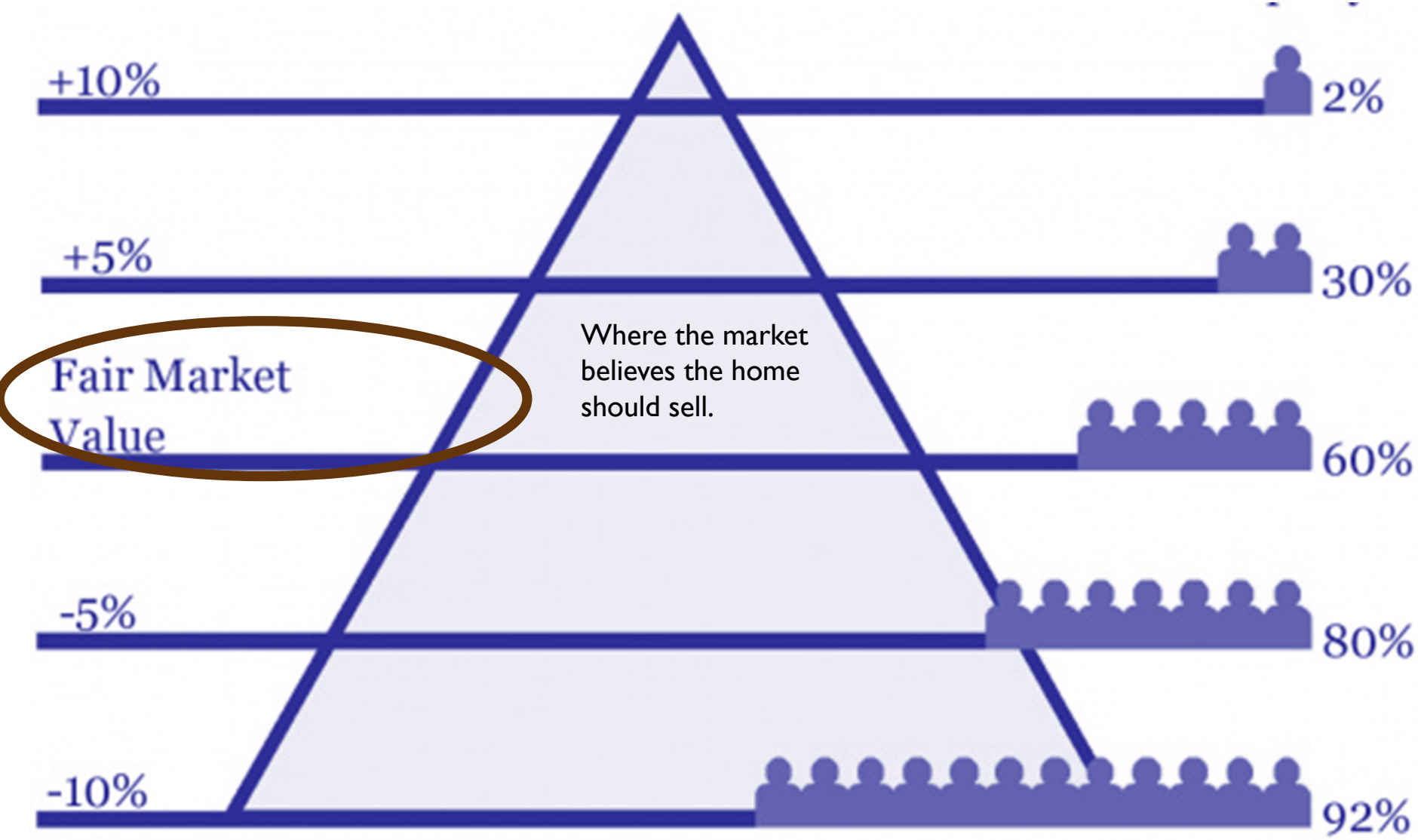
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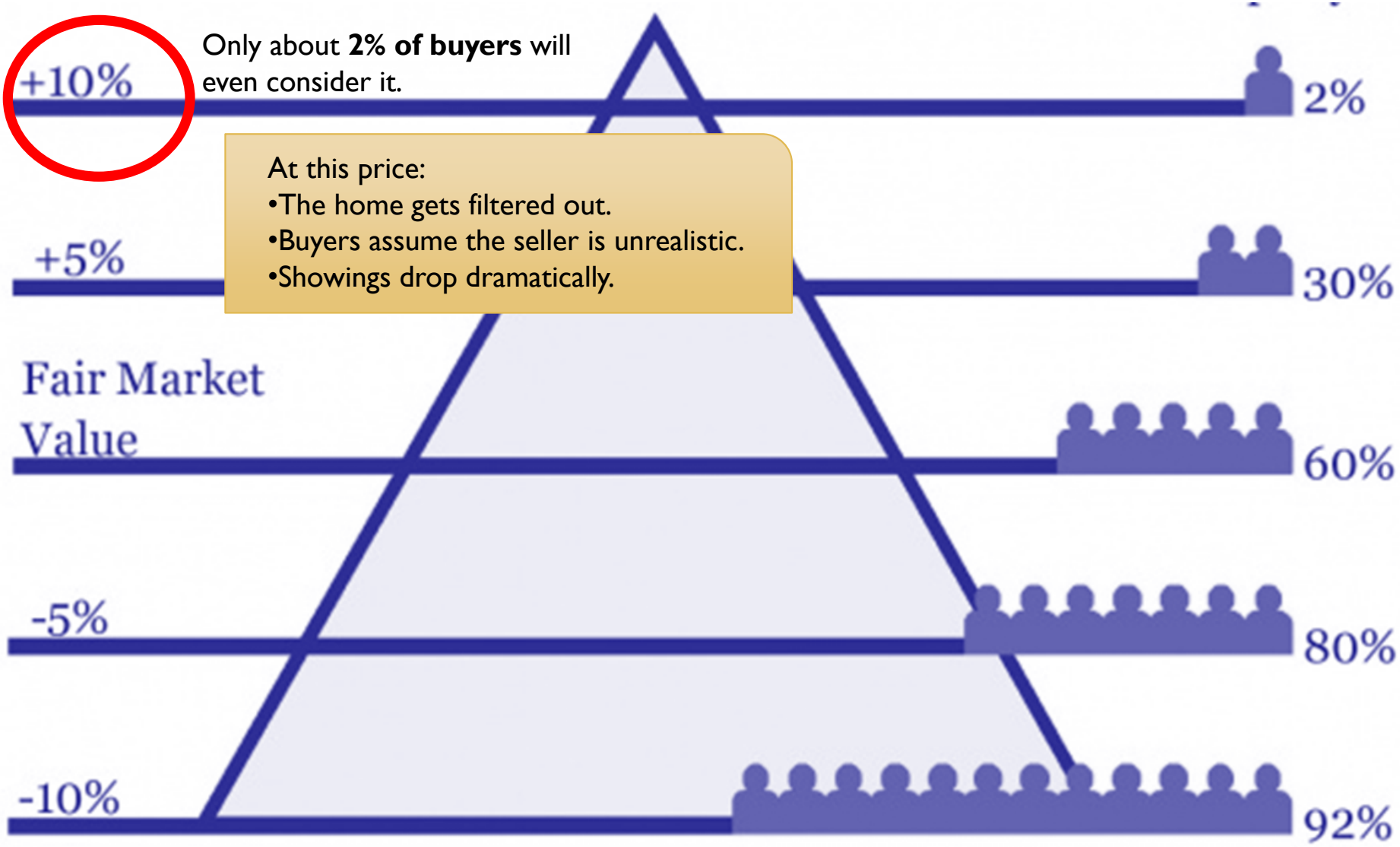


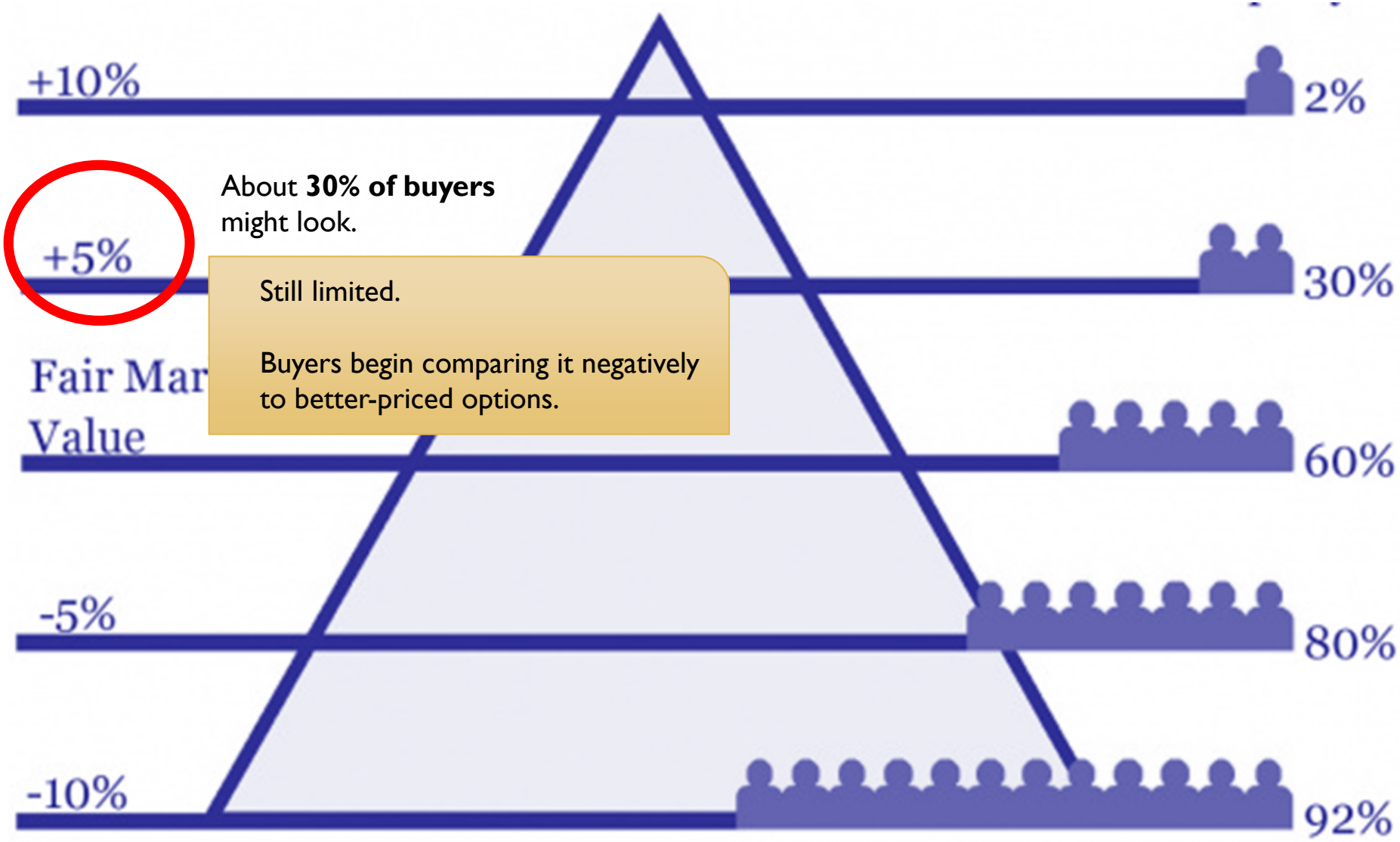


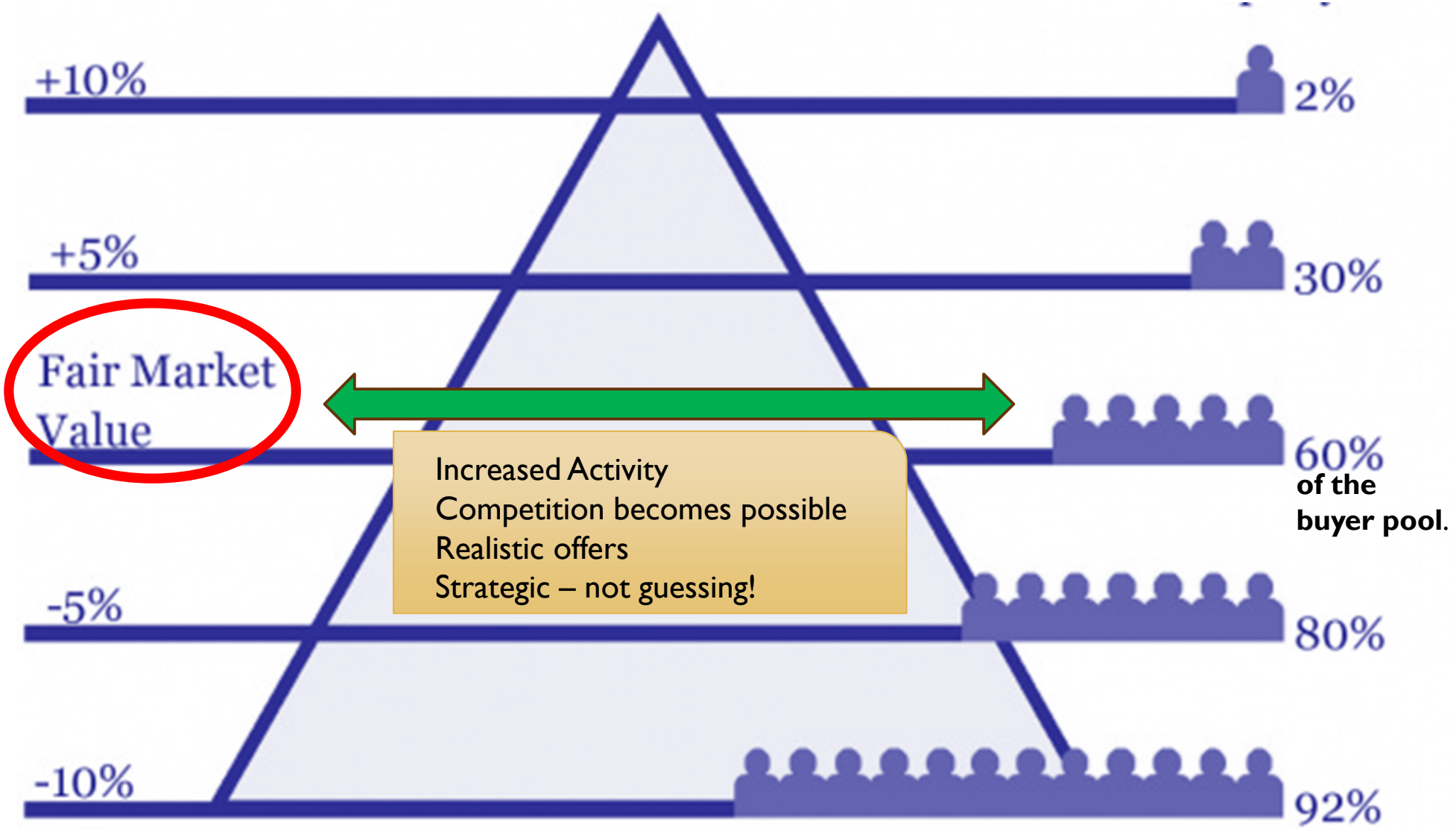
- "The market gives us one strong launch window.
  We either capture that energy… or we fight gravity later."

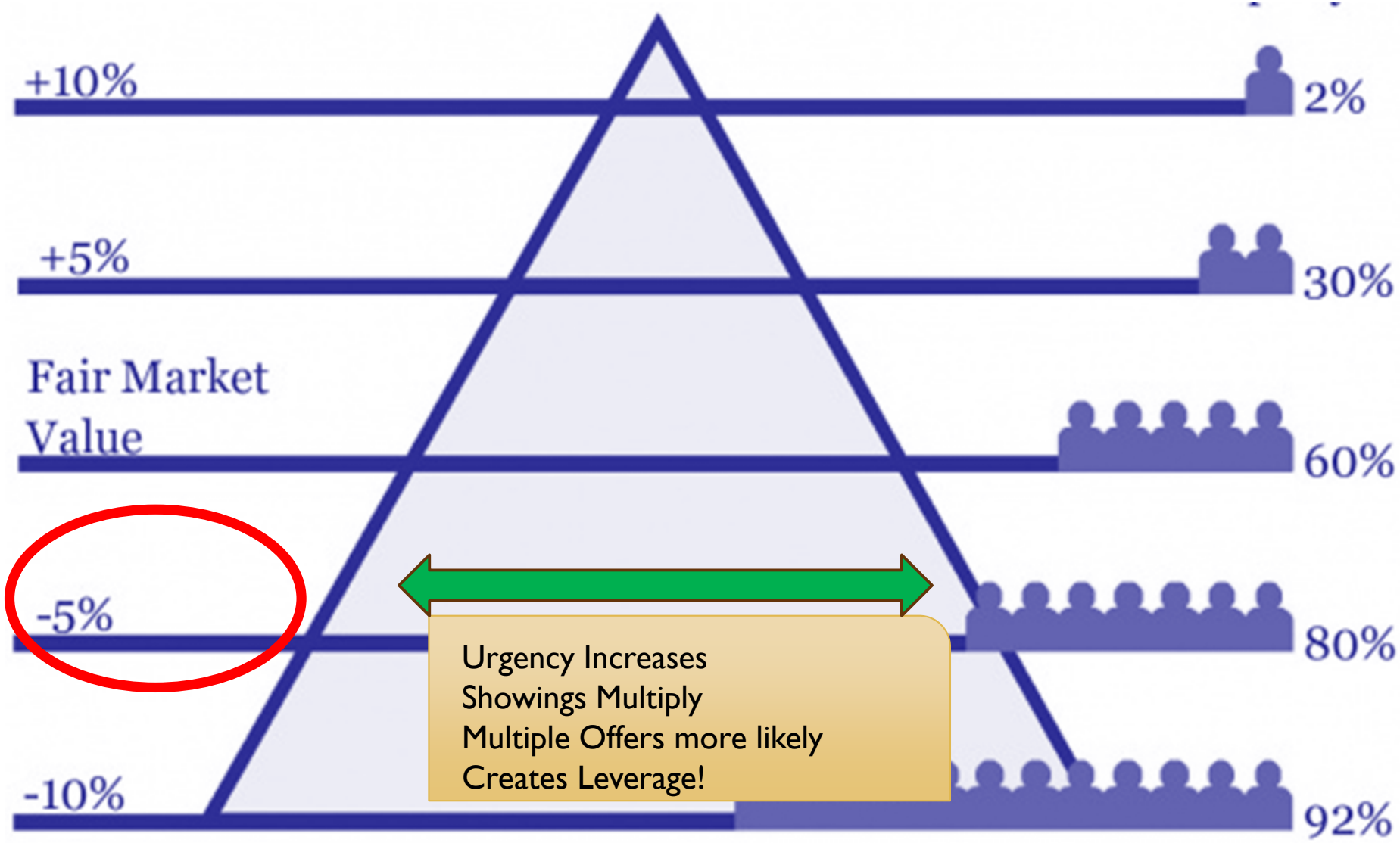
- Pricing strategy is not about testing the market.
  It's about maximizing the peak.

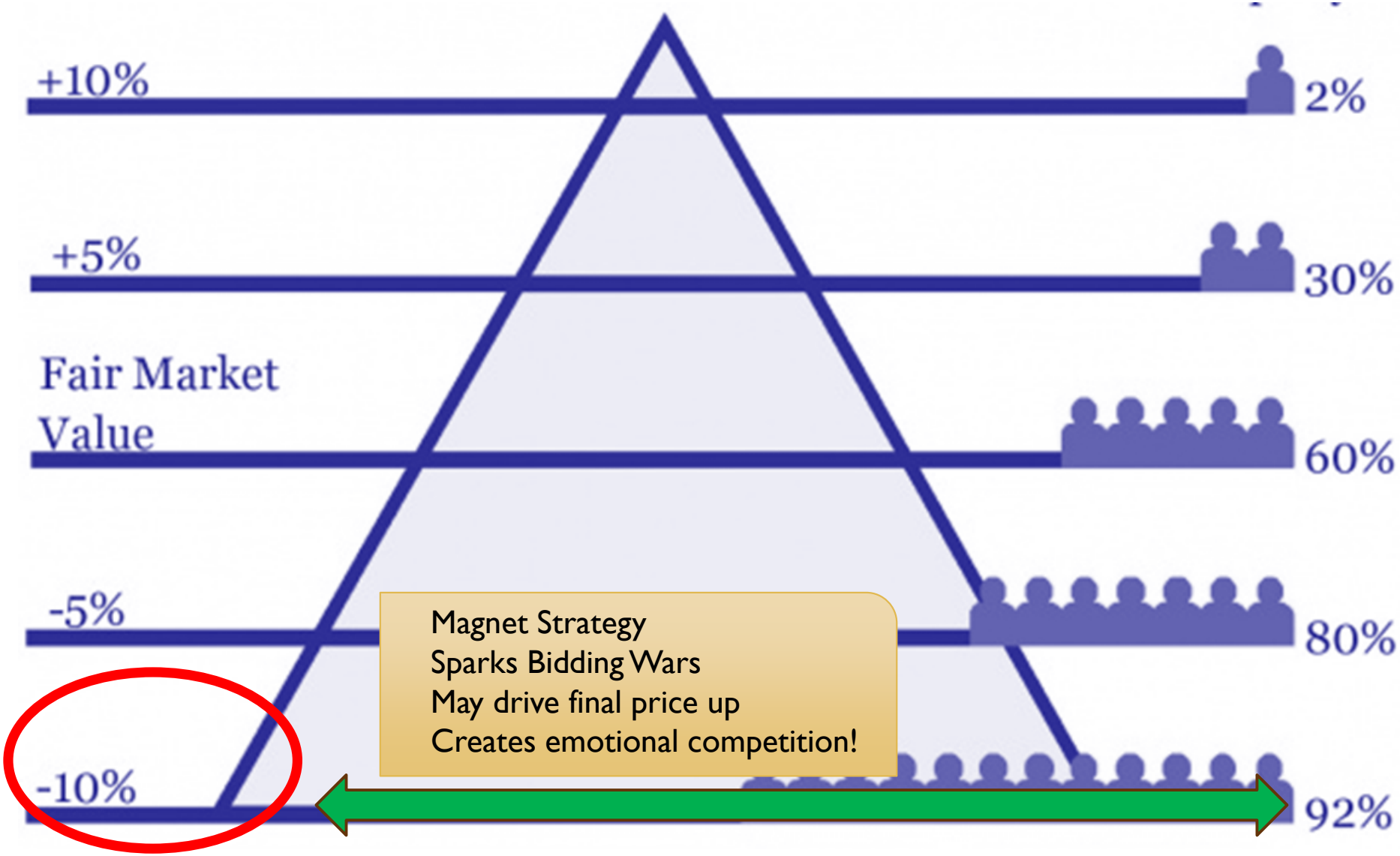

+10%
2%
+5%
30%
Fair Market Value
Where the market believes the home should sell.
60%
-5%
80%
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Only about **2% of buyers** will even consider it.
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About **30% of buyers** might look.
+5%
30%
Still limited.
Buyers begin comparing it negatively to better-priced options.
Fair Mar
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60%
-5%
80%
-10%
92%


+10%
2%
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30%
Fair Market Value
60%
of the buyer pool.
Increased Activity
Competition becomes possible
Realistic offers
Strategic – not guessing!
-5%
80%
-10%
92%


+10%
2%
+5%
30%
Fair Market Value
60%
-5%
80%
-10%
92%
Urgency Increases
Showings Multiply
Multiple Offers more likely
Creates Leverage!


+10%
2%
+5%
30%
Fair Market Value
60%
-5%
80%
-10%
92%
Magnet Strategy
Sparks Bidding Wars
May drive final price up
Creates emotional competition!

Takeaways

Pricing above market shrinks your buyer pool.

Pricing at or slightly below market expands your buyer pool.

And when demand expands… Negotiation power increases.

KNOWLEDGE IS POWER



ANALYZE MARKET DATA TO PRICE WITH PRECISION

The market sets the price — not the seller

- Pricing is positioning
- Data reduces emotion
- Overpricing costs time and money



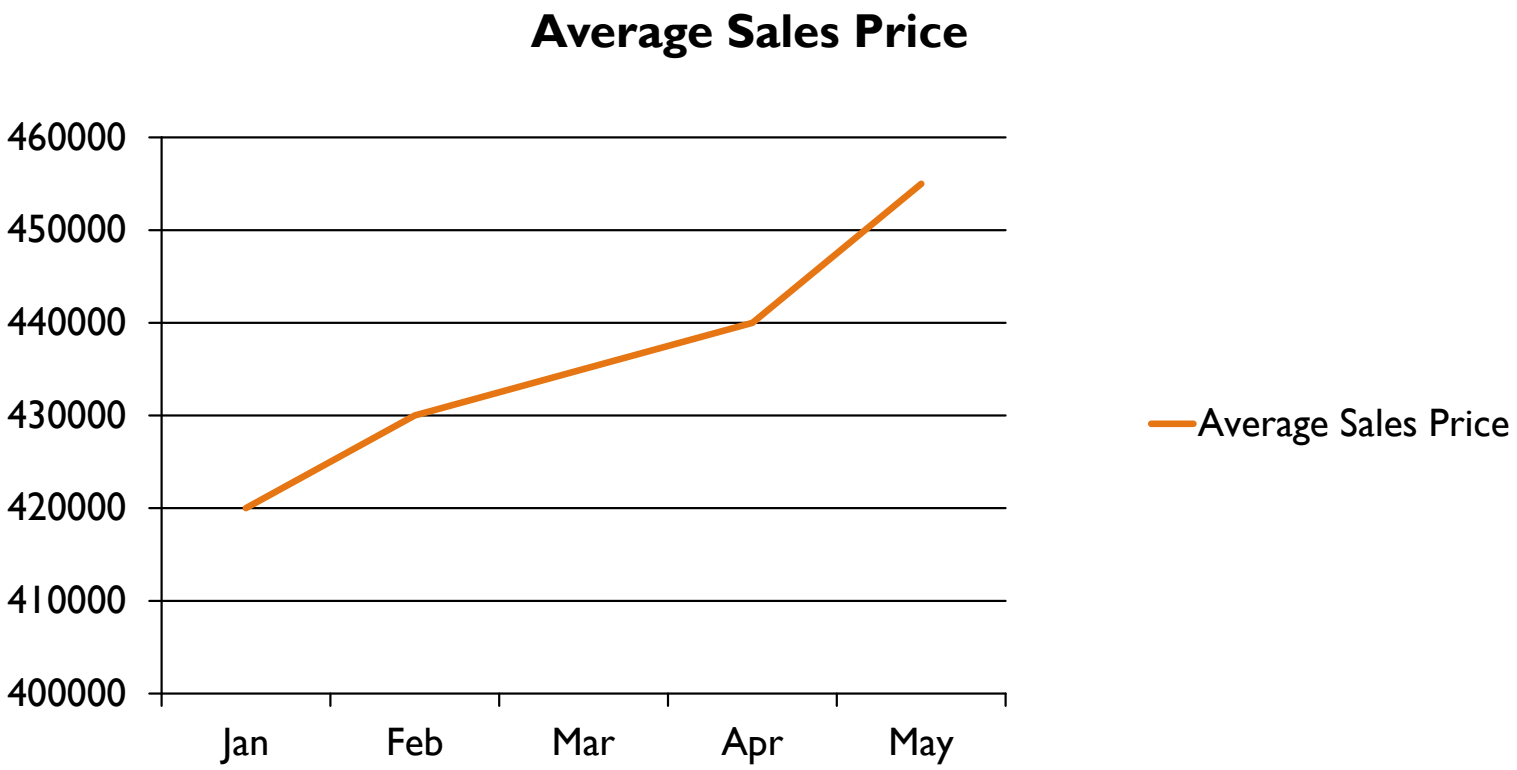
CORE DATA POINTS THAT DRIVE PRICE

Recent Sold Properties (true value)

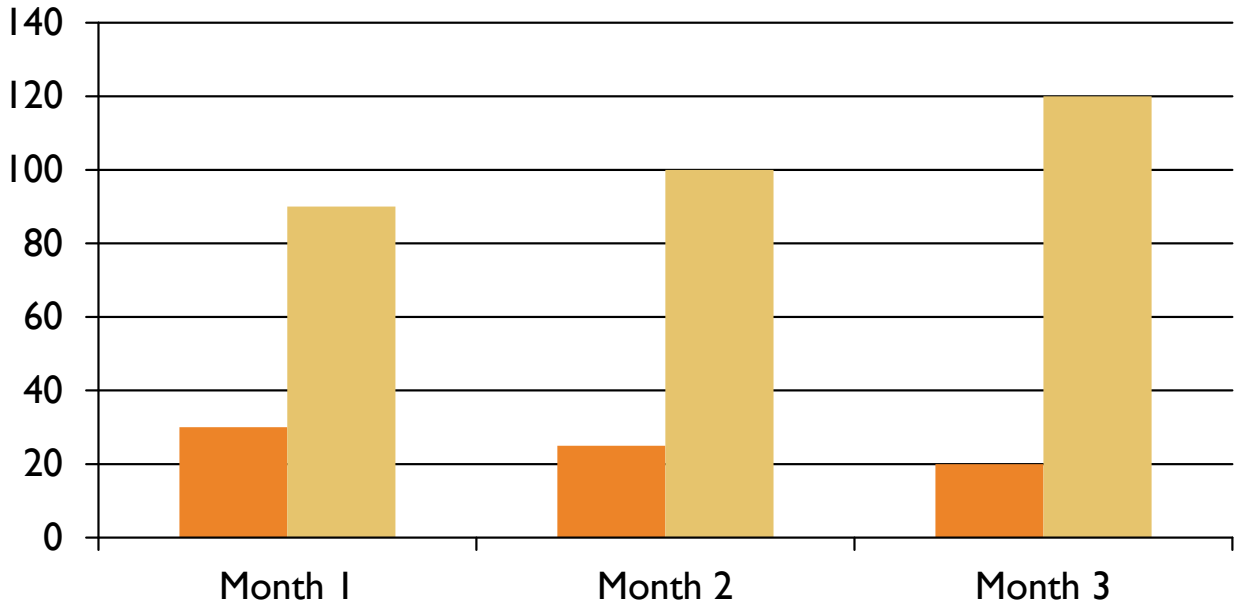
- Active Listings (competition)
- Pending Sales (demand indicator)
- Days on Market (market pace)
- List-to-Sales Price Ratio
- Absorption Rate



IDENTIFYING MARKET DIRECTION



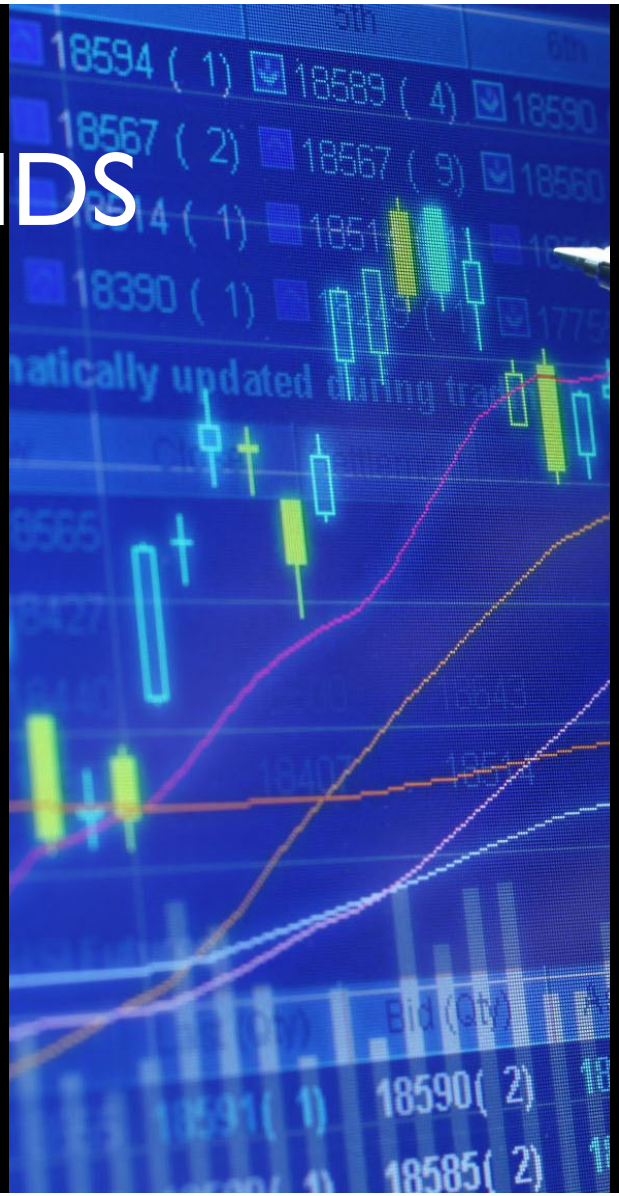
ABSORPTION RATE (ACTIVE/ HOMES SOLD)



Higher inventory with lower sales indicates a shifting market.


KEY MARKET
INDICATORS

MARKET TRENDS



Absorption Rate



SUPPLY AND DEMAND

WHAT DOES THE ABSORPTION RATE TELL US?

Absorption Rate =

$$\frac{\text{Total Number of Properties Sold in a period } (30)}{\text{Number of Properties Available } (120)} \times 100$$

Period can be 1 month, 6 months, etc

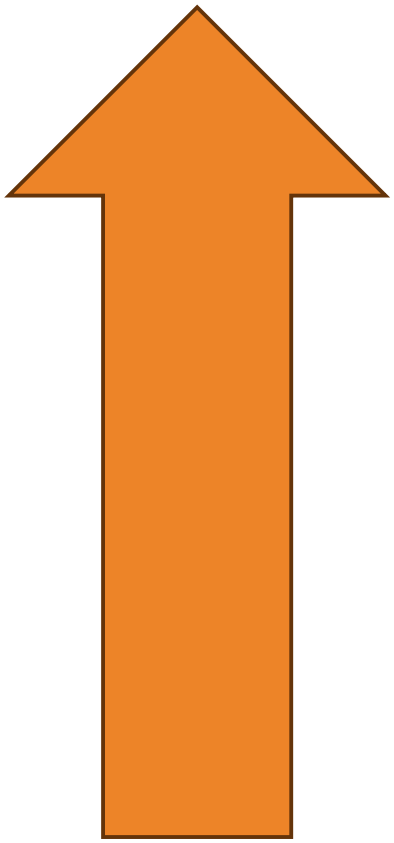
WHAT DOES THE ABSORPTION RATE TELL US?

Absorption Rate =

$$\frac{30}{120} = .25 \times 100 \qquad 25\%$$

WHAT DOES THE ABSORPTION RATE TELL US?

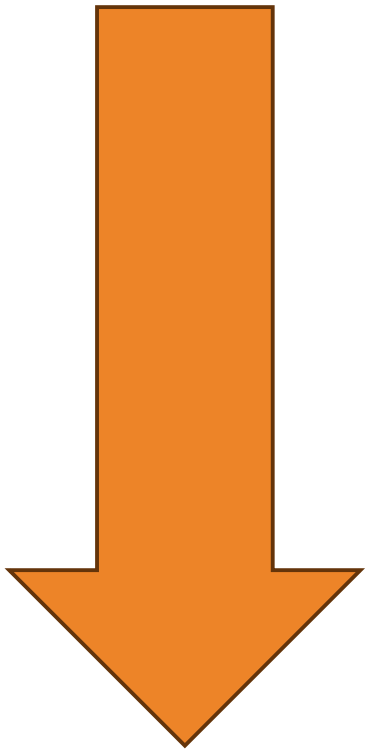
Seller's Market: above 20%




15-20% = BALANCED

WHAT DOES THE ABSORPTION RATE TELL US?

Buyer's Market: below 15%



WHAT IS MONTHS OF SUPPLY

$$\text{Months of Supply} = \frac{\text{Total Number of Properties Available (120)}}{\text{Number of Properties Sold per Month (30)}}$$

WHAT IS MONTHS OF SUPPLY?

Months of Supply=

$$\frac{120}{30} = 4 \text{ Months}$$

WHAT DOES THE MONTHS OF SUPPLY TELL US?



Seller's Market:

- less than 4 months supply
- May lead to multiple offers
- Higher prices

WHAT DOES THE MONTHS OF SUPPLY TELL US?

- 0 to 4 months of inventory Seller's market;
- 4-6 months neutral market;
- 6+ months Buyer's market

MONTHS OF SUPPLY – WHY?

- Seller's market; May price aggressively.
- Buyer's market; May price competively.

EXPLAINING ABSORPTION RATE TO CLIENTS: THE BAKERY ANALOGY

- You own a bakery with 20 cakes on display
- Customers buy 5 cakes every day
- Your display sells out in 4 days — that's your absorption rate
- **In real estate: swap cakes for houses, and days for months**

THE LOOK-BACK WINDOW CHANGES WHAT THE NUMBER TELLS YOU

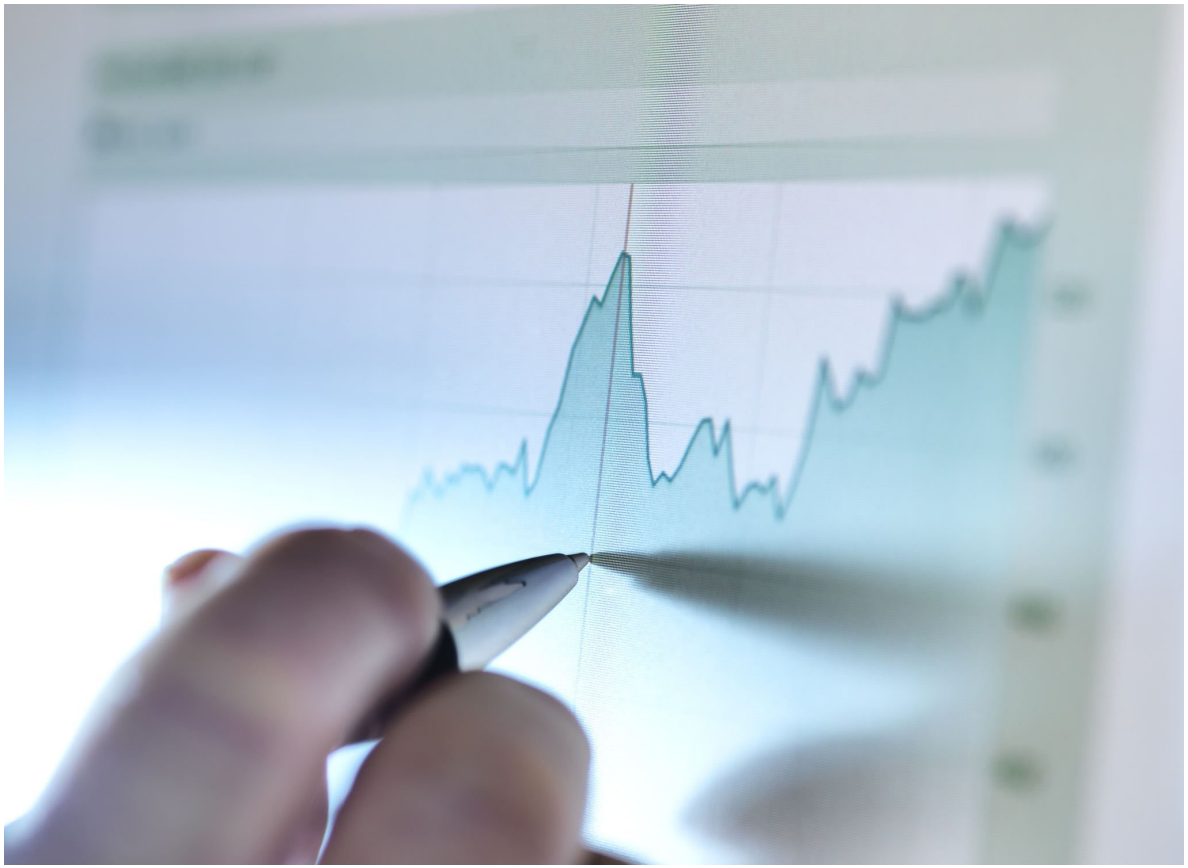
Window	Best Used For	Pros	Cons
30 Days	Fast-moving, volatile markets	Highly reactive to sudden shifts	High noise — one weekend can skew it
60–90 Days	Standard listing presentations	Smooths noise, stays current	Can lag a sudden shift by weeks
180–365 Days	Luxury, rural, or seasonal markets	Dependable long-term benchmark	Misses current momentum

A 30-DAY WINDOW CAN MAKE A MARKET LOOK 3X HOTTER THAN IT IS

- A neighborhood typically averages 5 sales a month
- A rate drop sparks 15 panic-buys in May alone
- A 30-day window reads the market as three times hotter than normal
- **Pricing a June listing on that spike risks overpricing it just as demand fades**

MONTHS OF SUPPLY – WHY?

- Pricing
- Negotiating
- Expectations



DATA-TO-DECISION FRAMEWORK

Pull 3–5 similar sold properties

- Adjust for size, condition, location
- Review competition
- Analyze DOM & list to sold ratios
- Determine price range
- Recommend strategic list price

WHAT RISK HAPPENS IF WE IGNORE ONE OF THESE STEPS?

- Overpricing = stagnation
- Underpricing = lost equity
- Misreading trends = reputation damage

INTEREST RATES

The Fed Rate

Directly impacts:

Affects short term loans, ARMS and HELOCs

Indirectly impacts:

Investor behavior, economic outlook, and inflation

UNDERSTANDING THE PRICING PROCESS

Pricing is a structured decision, not a guess

- Multiple stages influence final list price
- Strategic pricing protects seller equity
- Confidence comes from process mastery

STEP 1: INITIAL PROPERTY ASSESSMENT

Property condition & upgrades

- Location influences & neighborhood trends
- Unique features or limitations
- Seller motivation & timeline

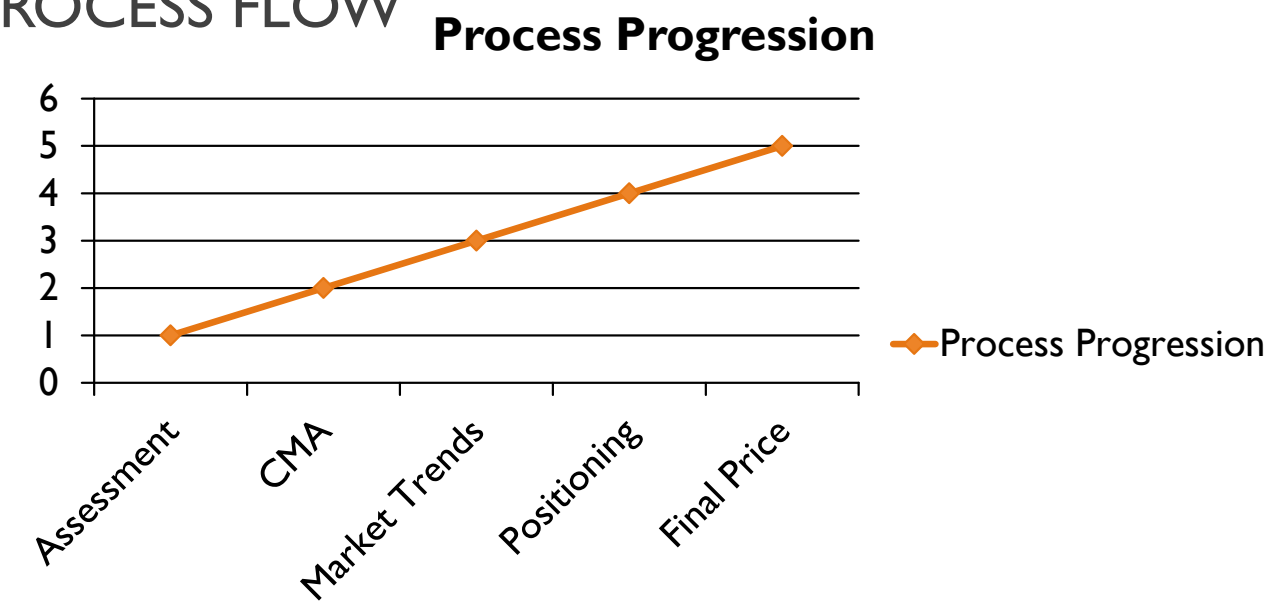


STEP 2: CMA

- Size
- Features
- Condition
- Location



PRICING PROCESS FLOW



STEP 3: FINAL PRICE DETERMINATION & SELLER ALIGNMENT

Establish price range (not single number)

- Consider buyer search brackets
- Align with market direction
- Present data with clarity & confidence
- Set expectations for activity & adjustments

ASSEMBLING THE CMA REPORT

- Cover letter and subject property summary
- Comparables with adjustments, and the resulting price range
- Current market and competition — active and pending listings
- Pricing recommendation and supporting marketing material
- **Disclaimer:** state clearly that a CMA is an opinion of value, not an appraisal, and is not a guarantee of sale price.
- Retain every CMA — it documents your reasoning if price or value is ever challenged.



SBA / CBS

PAIRED SALES ANALYSIS & THE ADJUSTMENT RULE

- **Paired sales analysis:** compare two comps that differ in only one feature to isolate what that feature is worth in this market.
- Run several pairs, then use the middle value or the average — never just one pair.
- **SBA — Subject Better, Add:** if the subject has the better feature, add its value to the comparable's price.
- **CBS — Comparable Better, Subtract:** if the comparable has the better feature, subtract its value from the comparable's price.
- Adjustments are always made to the comparable, never to the subject.

ADJUSTMENT PITFALLS TO AVOID

- **Double-dipping —** adjusting the same feature twice under two different line items.
- **Outliers —** a sale far above or below the pattern skews the range; exclude it or explain why it belongs.
- **Stigmatized properties —** a death, crime, or other non-physical stigma can affect price for reasons unrelated to the property itself; use with care and know your state's disclosure rules.
- **Measuring gross living area —** use ANSI® measurement standards so comps are compared on the same basis.
- Never adjust for reasons outside market data — personal opinion is not a market-based adjustment.

Pick comps on purpose — not by convenience.

GROUP ACTIVITY: COMPS ON PURPOSE

- **Time:** 15 minutes — teams of 3–4
- **Setup:** Each team picks three comps from the Market at a Glance sheet. Grab three copies of COMPS ON PURPOSE.
- **Task:** Fill out one worksheet per comp. Rate each as A, B, C, or REJECT. Defend the verdict out loud.
- **Debrief:** Which comp got the most REJECT votes across teams? Why? Which earned an A everywhere?

GROUP ACTIVITY: PAIRED SALES, PLAIN MATH

- **Time:** 20 minutes — teams of 3–4
- **Setup:** Each team gets the PAIRED SALES WALKTHROUGH handout. Walk the garage example together first.
- **Task:** Run the basement-finish paired-sales math on Comps E, F, G, H. Four pair comparisons. One average.
- **Debrief:** What's your adjustment for a finished basement in Hidden Oaks? Defend the number.

Change one variable at a time, or the math is contaminated.

GROUP ACTIVITY: FROM FOUR NUMBERS TO ONE

- **Time:** 15 minutes — teams of 3–4
- **Setup:** Each team gets the FROM FOUR NUMBERS TO ONE decision tool.
- **Task:** Three approaches: average, median, clean round. Pick the one you'd defend to a seller — and say why.
- **Twist:** Replace one of the four pairs with a $25,000 outlier. Recalculate. Which approach survives?
- **Debrief:** Why does $15,000 defend better than $14,750 in a seller consultation?

Round numbers age better in files, in conversations, and in appraisal reviews.

PRICING

Market Value

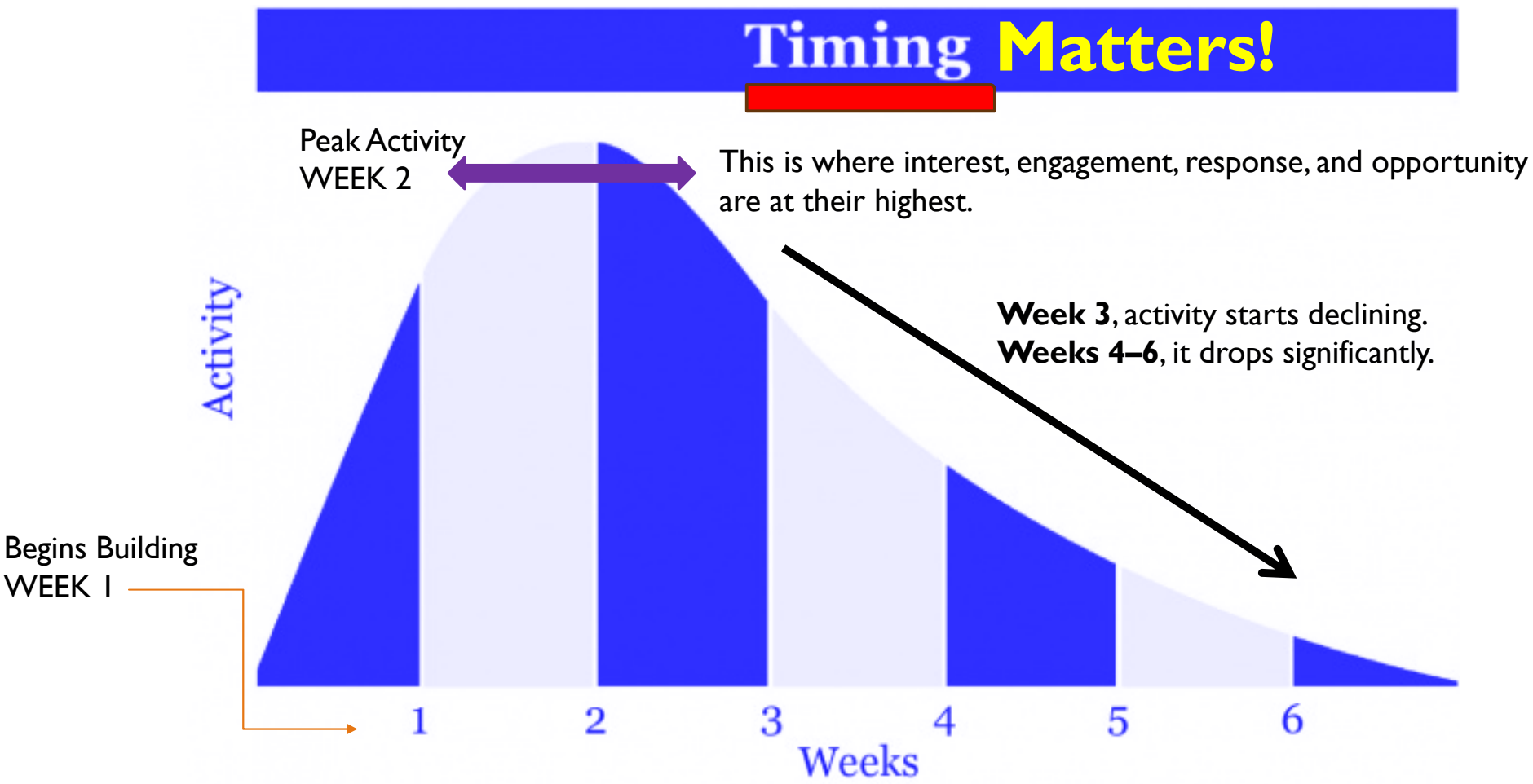


Appraisal Value



List Price

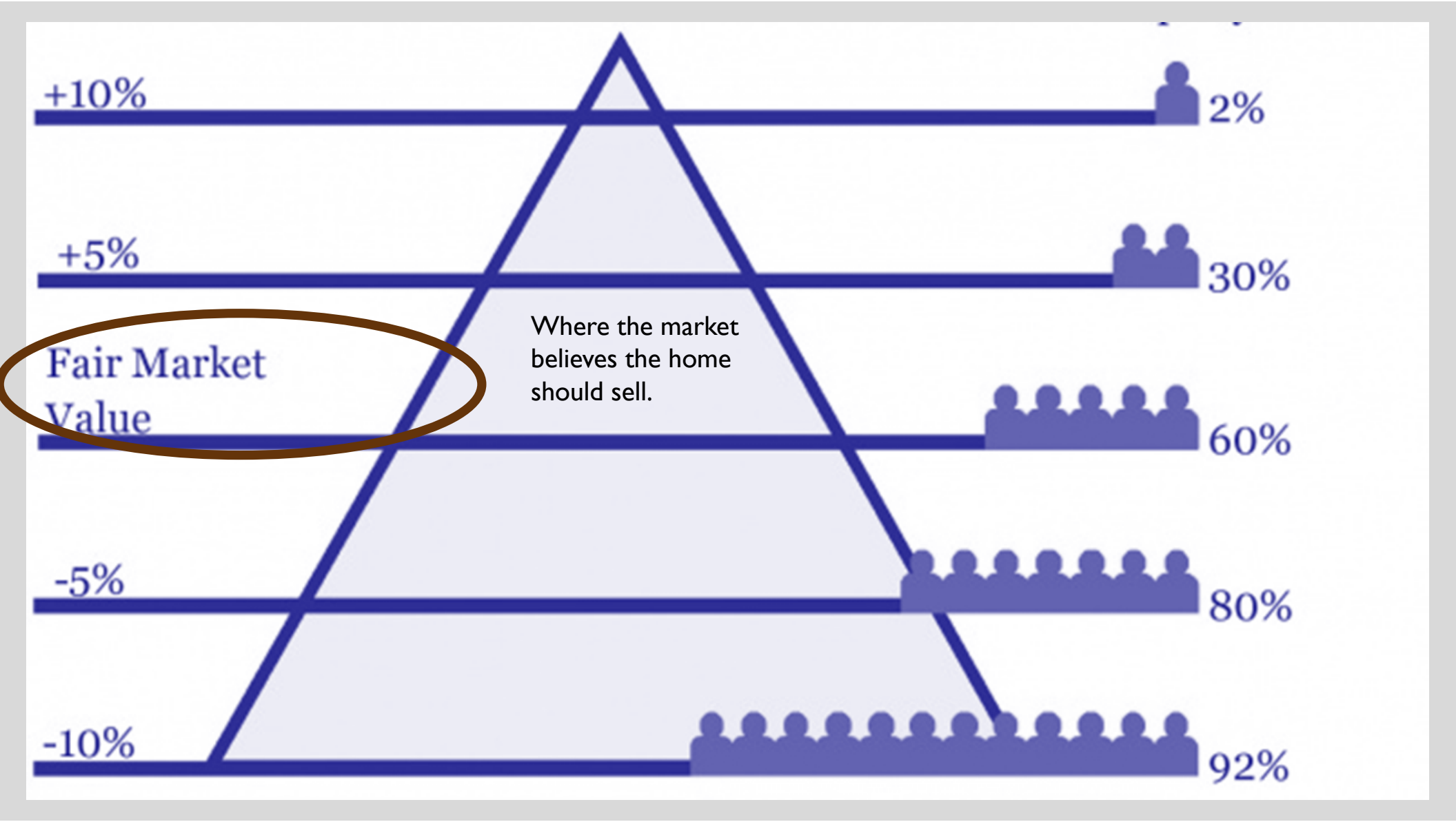
Timing Matters!

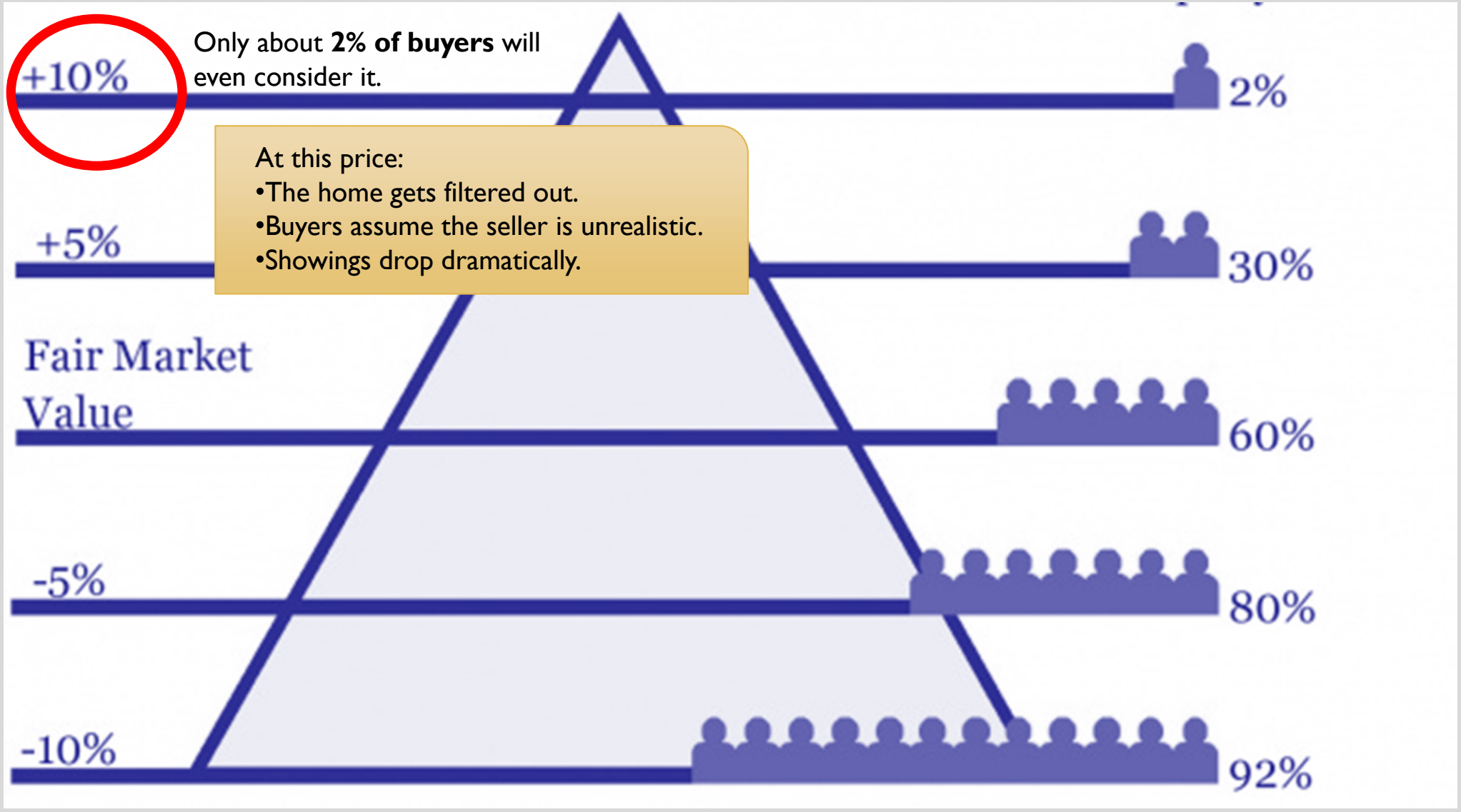


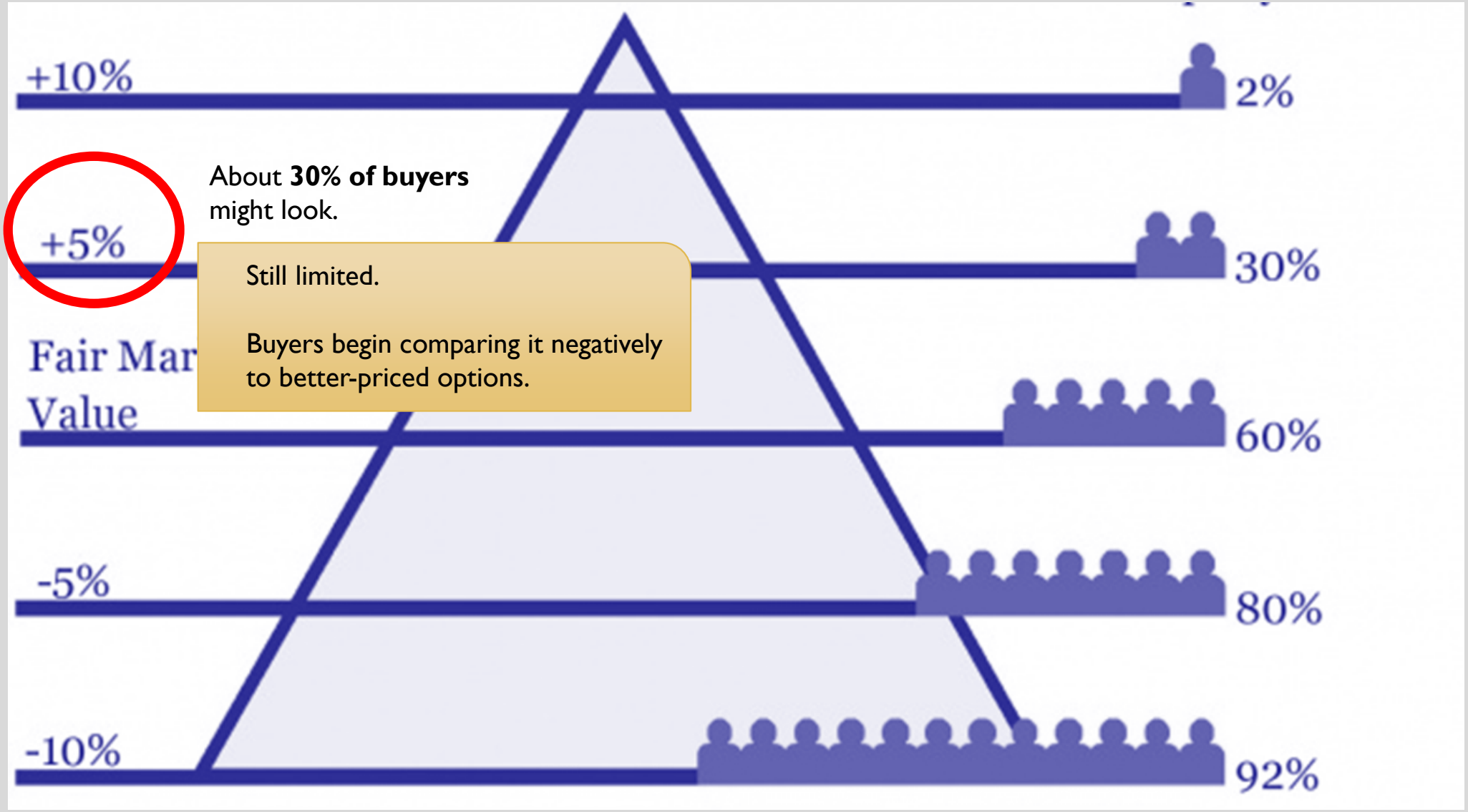


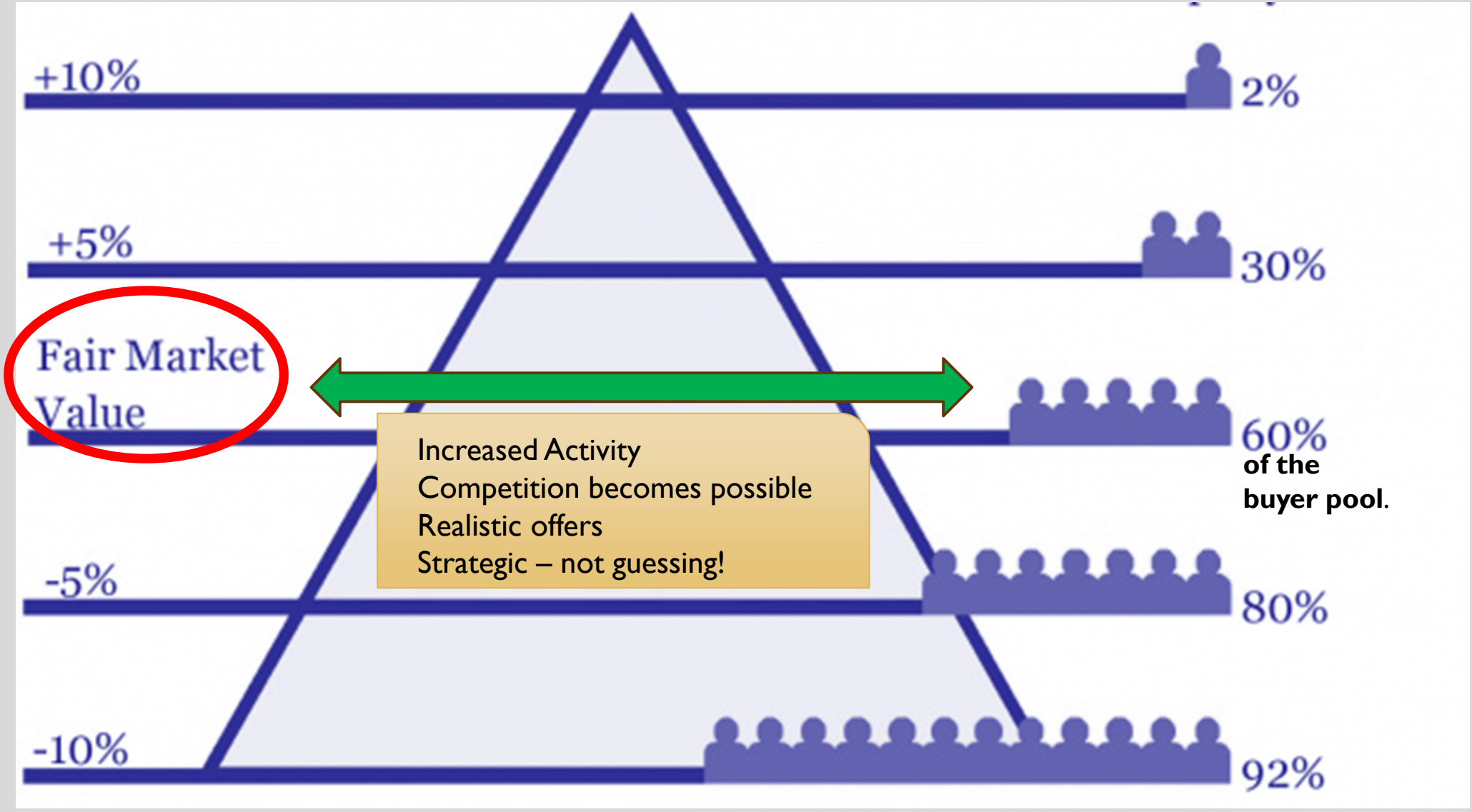
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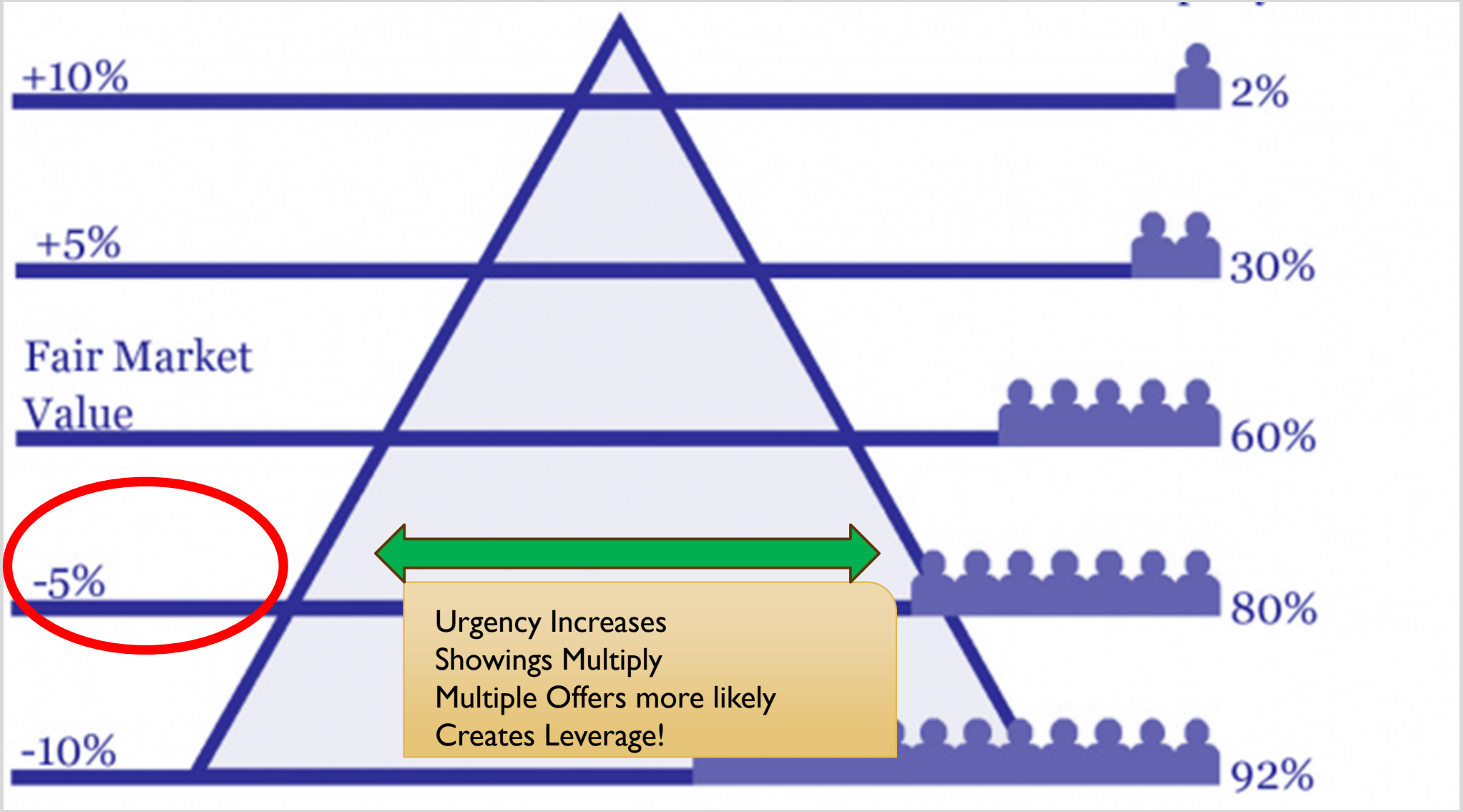
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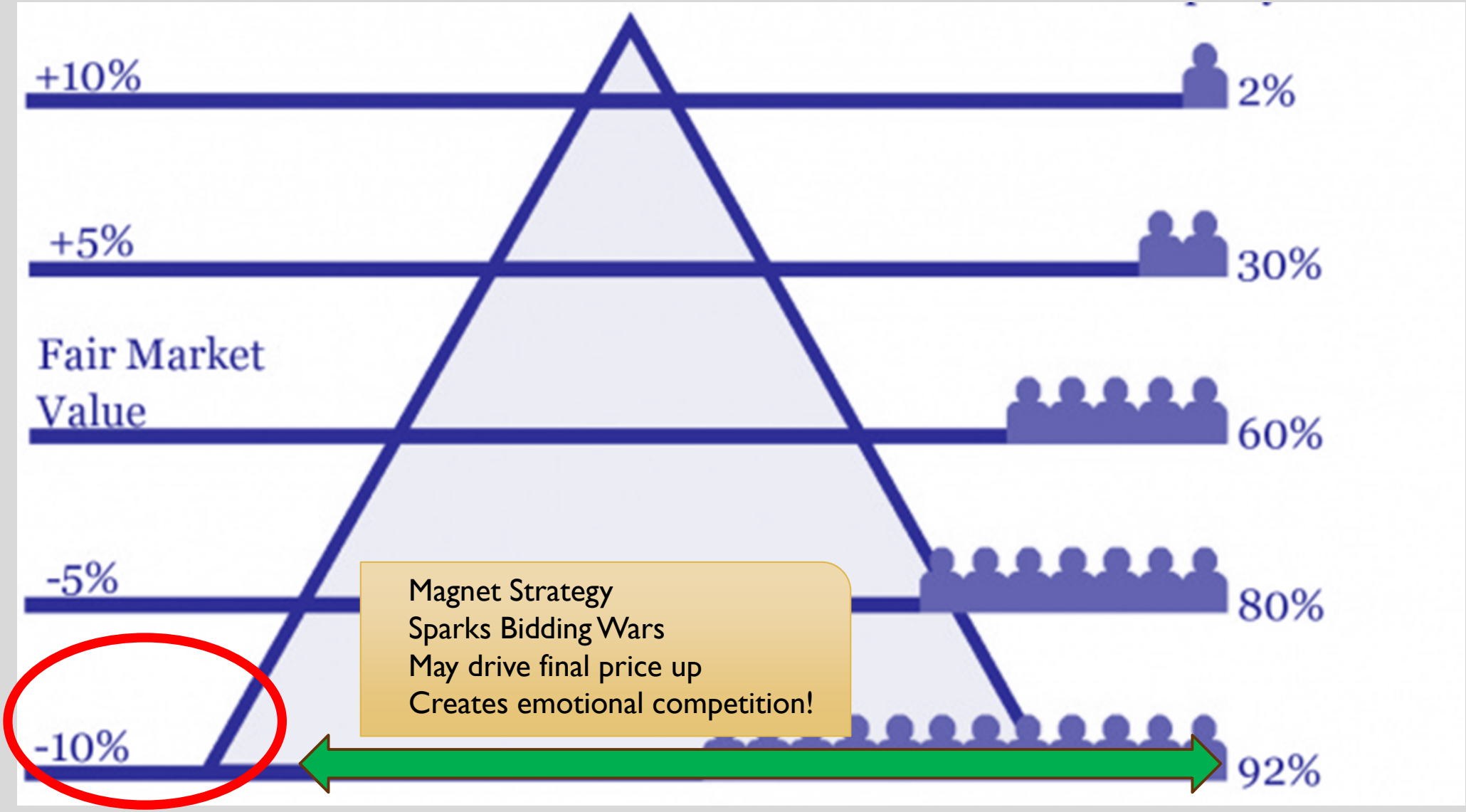

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May drive final price up
Creates emotional competition!

Takeaways

Pricing above market shrinks your buyer pool.

Pricing at or slightly below market expands your buyer pool.

And when demand expands… Negotiation power increases.

EXPLAIN KEY PRICING TERMS WITH CONFIDENCE

Clear terminology builds credibility

- Educated clients make better decisions
- Simplifying concepts builds trust
- Mastery reduces confusion and disputes



MARKET VALUE VS. LIST PRICE

Market Value = What buyers are willing to pay

List Price = Strategic marketing position

Appraised Value = Lender-supported valuation

Assessed Value = Tax authority calculation

KEY PRICING METRICS

Days on Market (DOM)

Absorption Rate

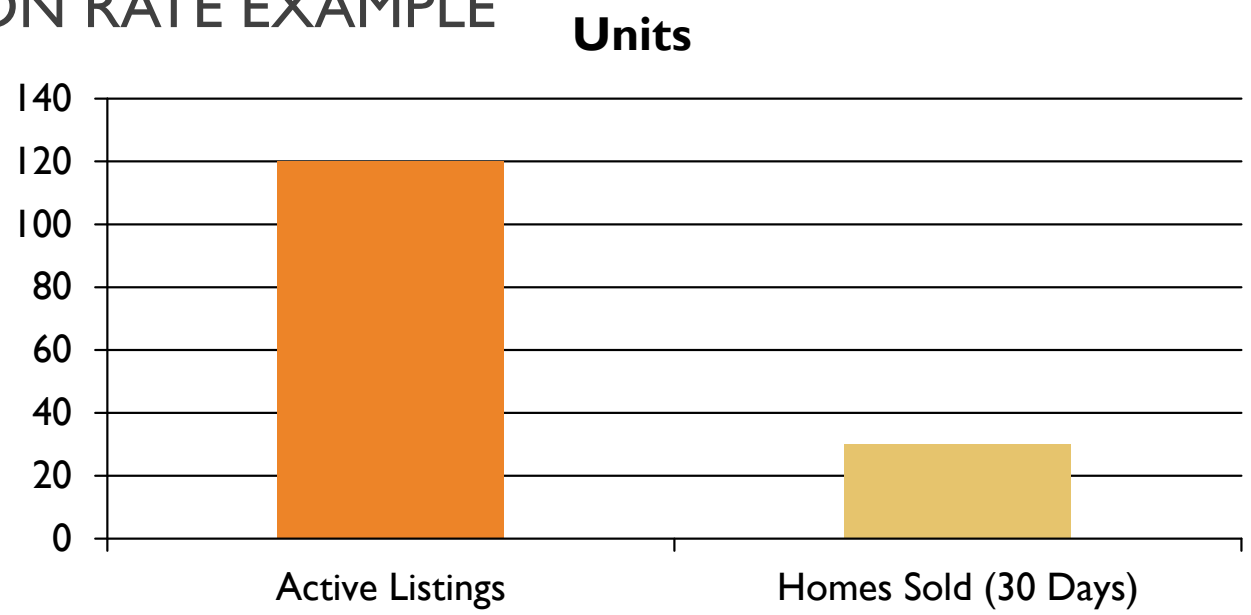
List-to-Sale Price Ratio

Price Per Square Foot

Inventory Levels (Months Supply)



ABSORPTION RATE EXAMPLE



SELLER'S MARKET VS BUYER'S MARKET

Seller's Market = Low inventory, strong demand

Buyer's Market = High inventory, slower demand

Balanced Market = 4–6 months supply

Market Shifts impact pricing strategy

TRANSLATING PRICING TERMS FOR CLIENTS

- Use simple comparisons
- Avoid industry jargon
- Show visual data when possible
- Connect pricing to seller goals
- Set realistic expectations early

CLIENT ROLE-PLAY: EXPLAINING PRICING CLEARLY

Scenario: Seller believes home is worth $550,000

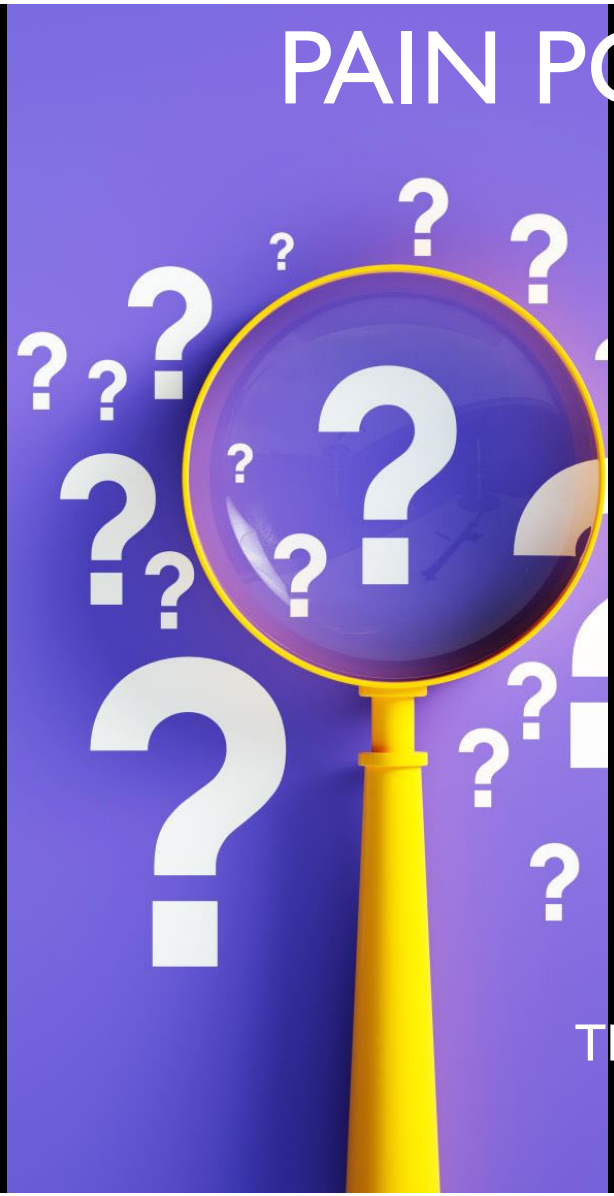
- CMA range shows $505,000–$515,000
- Client references online estimate higher than comps
- Agent must explain: Market Value, List Strategy, DOM risk
- Goal: Educate without confronting

CASE STUDY: PRICING MISCOMMUNICATION

Home listed at $525,000 based on seller expectation

- CMA supported $495,000–$505,000 range
- Agent said: 'We can try it higher and see what happens'
- 45 Days on Market → No offers
- Two price reductions → Final sale at $489,000

PAIN POINTS/DRIVERS



THE ? BEHIND THE QUESTION

Guide Clients with Confidence When Setting Prices

- Strategic advisor
- Use data to anchor expectations
- Align seller goals with market
- Create clarity before listing is live



Aligning Expectations with Market Reality

Price range (not a single number)

- Explain competition clearly
- Discuss Days on Market impact
- Address online estimates proactively
- Connect pricing to seller timeline goals

Pricing Conversation: Do's and Don'ts

DO: Use comparable sales as primary evidence

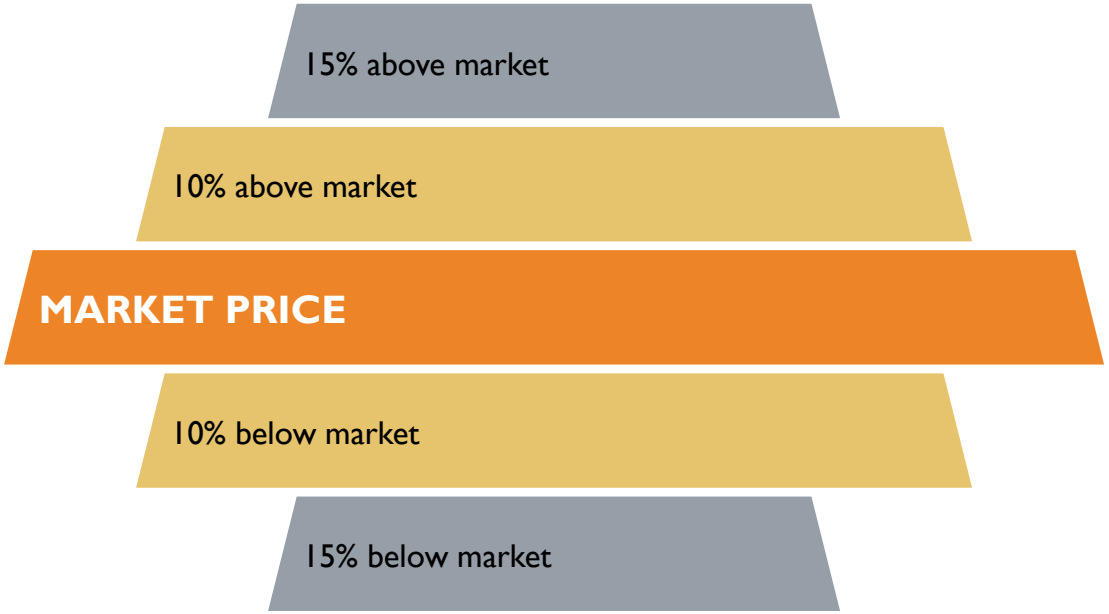
DO: Explain risks of overpricing

DO: Set review checkpoints

DON’T: 'Try the market' without a strategy

DON’T: Blame the market after poor pricing advice

THE PRICING PYRAMID



Pricing too far from market in either direction narrows the buyer pool and slows the sale.

SELLER SINS & BUYER BLOOPERS

Common seller mistakes

- Pricing on need, not the market; chasing the price down instead of ahead of it
- Skipping repairs and staging, or refusing showings at convenient times

Common buyer mistakes

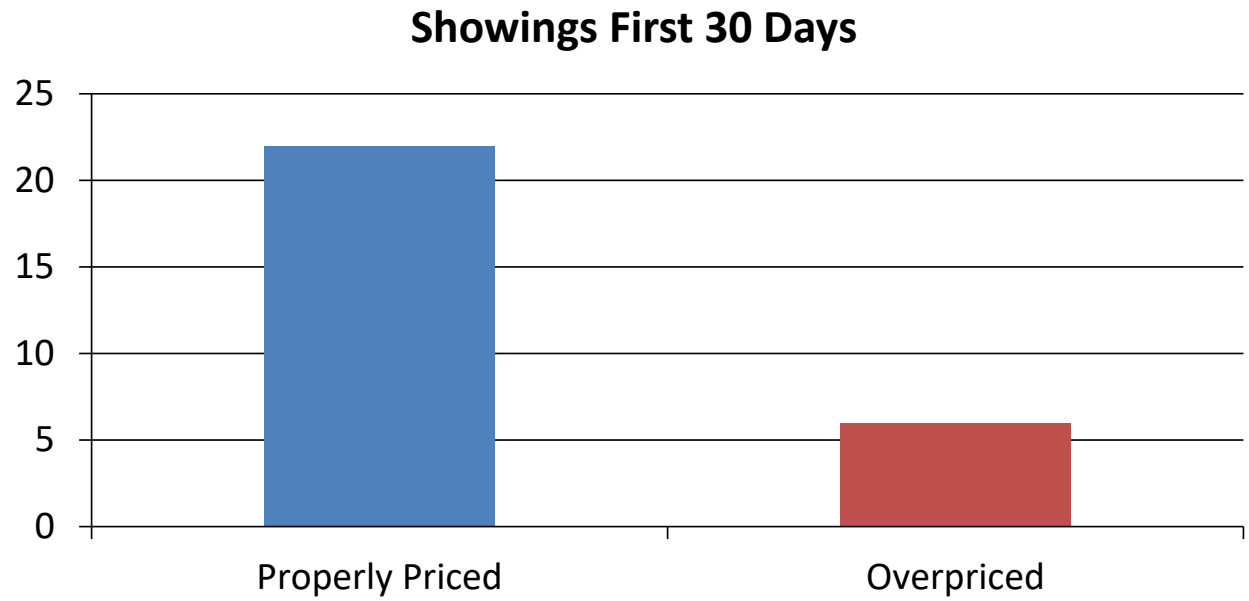
- Lowballing a fairly priced home and losing it to a stronger offer
- Shopping on list price alone instead of market value and condition

Both sides share a cure: put the client in the driver's seat with data, not opinion.

GROUP ACTIVITY: SELLER SINS ROLE-PLAY

- **Time:** 20 minutes — pairs
- **Setup:** Each pair gets the SELLER SINS role-play card. One plays the seller insisting on 15% over market. The other plays the agent.
- **Task:** Use the Pricing Pyramid and your CMA number from the last activity. Walk the seller back without conceding the relationship.
- **Switch roles:** Repeat with a buyer wanting to lowball a well-priced listing.
- **Debrief:** What phrase moved the conversation? Backfired?

Pricing vs Market Response Example



When to Seek Additional Expertise

Unique or luxury properties

- Rural or specialized land
- Significant appraisal gaps
- Estate or divorce-related sales
- Uncertain market shifts



KEY COMMUNICATION

- Empathy
- Data Driven
- Set Expectations
- Compromise

WORKING WITH APPRAISERS

Three appraisal approaches

- **Sales comparison —** the same comp-based logic as a CMA; the primary approach for most homes.
- **Cost approach —** land value plus the cost to rebuild, minus depreciation; used for new or unique properties.
- **Income approach —** value based on rental income potential; used for investment and income property.

The appraiser works for the lender, protecting the loan — not for the buyer or the seller.

MEETING THE APPRAISER & READING THE REPORT

- **Be there:** the listing agent meets the appraiser, ensures the property is ready, and hands over an appraiser's package — plats, surveys, permits, your CMA.
- **Return calls fast:** appraisers work on tight deadlines; a slow reply can cost the client time and leverage.
- **Reconciliation:** the section where the appraiser weighs the three approaches and lands on one final value — this is where to look first when a number feels off.
- **Red flags:** weak comparables, incorrect data or descriptions, and a reconciliation that doesn't follow from its own comps.

WHEN THE APPRAISAL COMES IN LOW

- **Be reasonable and communicate first —** call the appraiser or lender before escalating; most issues are a missing comp or a data error.
- **Requesting a reconsideration of value (ROV):** submit it through the lender in writing, with specific comparable sales and data — never just an opinion that the number is wrong.
- **VA loans — Tidewater Initiative:** gives the agent a window to submit additional comps before the VA appraisal is finalized, not after.
- **FHA loans:** an FHA appraisal case number can stay attached to the property for a set period, following it even if that buyer walks away — know the current validity period before advising a seller to wait it out.

WHAT'S CHANGING: UAD 3.6 & THE NEW URAR

- **One dynamic report replaces the old forms —** the 1004, 1073, 1025, 2055 and others are retired in favor of a single Uniform Residential Appraisal Report (URAR) that adapts to the property type.
- **Mandatory November 2, 2026 —** broad production opened January 26, 2026; after the deadline, only UAD 3.6 is accepted for loans sold to Fannie Mae and Freddie Mac.
- **More structured data, less narrative —** the old general addendum is gone; condition and quality are now separate interior and exterior ratings instead of one overall grade.
- **What it means for agents:** the report looks different and may run longer, but it does not change how market value is determined — keep using the same CMA fundamentals when you talk to clients.

GROUP ACTIVITY: RESPOND TO A LOW APPRAISAL

- **Time:** 20 minutes — teams of 3–4
- **Setup:** A home under contract appraises $20,000 below the agreed price. Each team gets the appraisal's comps and the agent's own CMA comps side by side.
- **Task:** Decide whether the gap is explained by a comp problem, a data error, or a genuine market read, and draft the opening two sentences of a reconsideration-of-value request.
- **Debrief:** Teams read their opening lines aloud; discuss which ones lead with data versus which ones lead with frustration.

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