

Market Madness

How to Overcome Challenges
in Any Type of Real Estate Market



Introduction



While real estate markets are generally fairly stable, external factors can sometimes cause upheaval that leads to market adjustments and corrections. These factors can range from economic downturns to workforce shortages that impact home inventory.

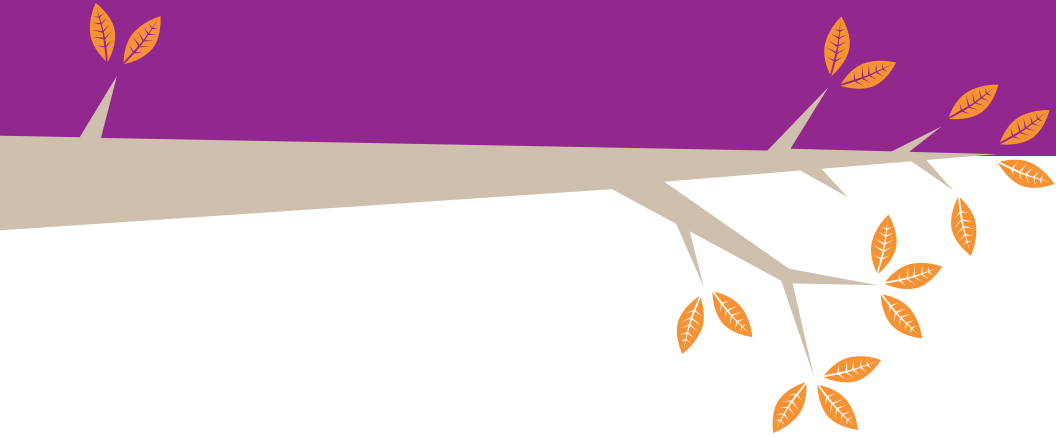
Of course, all real estate is ultimately local and can be impacted by shifts in the local market. New commercial development can give a boost to the surrounding residential neighborhoods. New infrastructure can change traffic patterns and create shifts in the desirability of affected communities. Previously outdated areas can become suddenly hip with the opening of a new restaurant or bar, leading to micro-market changes that continue for years.

As a real estate broker or broker-in-charge, much of your yearly business is based on consistent marketing, referrals, and lead generation. However, if your market is suddenly hot—or just as suddenly cools—it can be difficult to react to the change. Understanding the range of potential responses and best practices offers you options so that you can thrive in any market.

We've selected our best tips for overcoming the most common challenges you may be facing. Whether they're caused by local or large-scale changes, you'll have the tools you need to make the most of any market—and continue to grow your business in the years to come.



Table of Contents



- 4 Chapter One:** How to Help Buyers and Sellers Navigate a Hot Housing Market
- 7 Chapter Two:** How to Win Listings In a Low Inventory Market
- 10 Chapter Three:** How to Survive a Cold Market
- 13 Conclusion**

Chapter One:

How to Help Buyers and Sellers Navigate a Hot Housing Market

Real estate professionals dream of a hot housing market, but it's important to understand how to optimize client services during one. Generally speaking, a market is considered hot when it is characterized by low inventory and plenty of buyer demand, so homes are going for more money and spending fewer days on the market.

The current hot housing market is due in large part to a number of factors related to the market's response to COVID-19. What could have been a major market disruption ended up leading to one of the strongest real estate markets in recent history.



Pro tip Complete your CE requirements and access hundreds of professional development resources with our membership program. Visit RealEstateExpress.com/real-estate-continuing-education for more information.



Here are a few reasons why 2020 proved to be such a hot year for real estate.



Larger Home Sizes

Homeowners living in townhomes and condominiums with lots of close-by neighbors began looking for detached homes, often with larger lots for outdoor activities. At the same time, work-from-home policies became permanent in some of the country's biggest companies while schools closed early and didn't reopen in the fall. All of these factors led to the need for larger house sizes, often with multiple home offices and homeschool spaces.

In addition, the long-time trend toward downsizing was reversed for many families as college students and young professionals returned home and empty nesters suddenly had to re-uptsize or delay their plans for downsizing indefinitely. Other families saw elderly relatives come to stay long-term in order to provide additional protection from COVID-19 exposure.



Forced Savings

Because there was no place to go and nothing to do, many first-time homebuyers found themselves saving money at a previously unimaginable rate. Coupled with stimulus payments, this resulted in quicker and easier access to the funds needed for down payments and closing costs. This forced savings has not only contributed to the current hot market, but also promises to sustain even more buyer activity once the pandemic subsides.



Geographic Shifts

Many of the earliest and hardest-hit areas affected by the pandemic were in the northern U.S. and major metropolitan areas like Los Angeles and New York City. This resulted in a significant pattern of relocation to southern markets in Texas and Florida, as well as an influx of second-home buyers seeking an alternative environment with year-round mild weather and more options for outdoor activities.



Low Interest Rates

One of the first ways that the government responded to the economic disruptions caused by COVID-19 was by stimulating the economy via lower interest rates. Those initial low rates have continued to dip, resulting in historically low mortgage rates and creating an almost irresistible value proposition for homebuyers.

How to Help Buyers Navigate a Hot Market

Assisting your buyers during a hot market often involves helping them keep perspective and rein in their emotions. Low inventory pushes up home prices and creates a palpable sense of urgency. As a real estate professional, it's up to you to help your buyers make the best possible decisions at every step of the process.

Here are some of the ways you can assist your buyers effectively:

- Educate your buyers about the market and present comps to help them better understand both current and historic home values in their target markets.
- Help buyers develop a strategy and help them stick to the strategy, even when they fall in love with a home and want to blow their budget so that they can outbid the competition.
- Streamline the offer process so that your buyers are poised to move quickly when they find a home they are interested in. Here too, the ability to evaluate each home quickly and with confidence depends on a well-defined budget and overall strategy.
- Urge your buyers to set a spending limit and to stay focused on their long-term financial goals. This will help keep them from overpaying for a home that they ultimately can't afford.



How to Help Sellers Navigate a Hot Market

Sellers will be excited to be part of a hot market, but they'll need your guidance as well to ensure that they make the most of this opportunity.

Here are some ways to ensure that you are serving your sellers' best interests:

- Conduct a listing presentation that educates and informs your sellers not only about their home's value in the current market but about the selling process as a whole. Discuss your role and help them understand what will be expected of them throughout the process.
- Help your sellers to examine the current market and understand the reasons for their home valuation. Help them determine if there are ways to optimize their home's value in order to ensure that they are ready to take maximum advantage of its potential.
- Work with your clients to create a long-term plan for their home sale, including how to position it within the market and how to prioritize their negotiation strategy.
- Ensure that the home's condition and marketing collateral are top-notch so that it makes the best possible impression on eager buyers and generates maximum interest.
- Help your sellers create a plan for their next step so that they are ready to move forward when buyers are ready to close. In today's hot market, many sellers may be hamstrung by low inventory and unable to find their own move-up or relocation property.

Chapter Two:

How to Win Listings In a Low Inventory Market

During a seller's market, current homeowners throughout the country are inundated with potential listing brokers, all of whom are eager to represent their property. You need to be able to compete effectively in this active market segment. How can you do so? By offering expertise and a plan for the road ahead.

Here are some tips for winning listings in the current hot real estate market.

**INSTITUTE for
LUXURY HOME
MARKETING®**

Learn more at
[LuxuryHomeMarketing.com](https://www.LuxuryHomeMarketing.com)

The Institute for Luxury Home Marketing is the premier independent authority in training and designation for real estate agents working in the luxury residential market. Real estate professionals who earn The Institute's Certified Luxury Home Marketing Specialist (CLHMS) designation for luxury home marketing earn an average of \$291,000 per year.



Identify Up-and-Coming Markets

Because of increased work-from-home, one of the unusual features of the current hot market is its impact on outer suburban and rural areas that are often left out of market shifts. Watch the trends in your area and look for opportunities to represent properties in areas that don't usually enjoy high demand.



Develop a Geographic Farm

Geographic farming or circle prospecting is coming back in a big way as homeowners seek out tough-negotiating neighborhood experts to field multiple offers and make the most of their current opportunities. The key here is consistency and a combination of direct mail, digital presence, and follow up by phone or email. Remember, the inroads you make now will continue to pay dividends, especially as you develop a track record of success in your chosen geographic farm.



Focus on Market Niches

Developing a specialty is a great idea, allowing you to better focus your marketing and your messaging. Here are some prime market segments to focus on right now:

- Luxury homes, offering increased square footage and larger lot sizes
- Rural or farm and land homes, offering opportunities for new construction and increased outdoor spaces
- Condos and townhomes, which are currently rebounding as a more affordable alternative to low inventory detached homes
- Homes with ADUs (accessory dwelling units) or rental potential for multi-generational living and alternative office environments

Reach Out to Referral Sources

If you haven't already, make sure you are reaching out to your sphere of influence and to former clients so that you can reconnect and put yourself in line for referrals. Offer meaningful, value-added content and incentives so that your referral sources feel appreciated and nurtured. Continue to stay in touch with sellers after the sale, as they may be able to connect you with friends and neighbors who are particularly ripe for your message.



Work with Professional Colleagues

Connect with affiliated professionals like mortgage lenders and with your fellow real estate colleagues to ensure that you are up-to-date on all of the latest developments in your local market. Consider co-sponsoring educational opportunities for first-time homebuyers and other market niches so that you can maximize your lead generation efforts.



Cultivate a Relocation Network

If you are in a market that people are moving away from, connect with colleagues in the markets where they're moving. By providing end-to-end services and smoothing their long-distance transition, you'll add value and reassurance to potential sellers and stand out from the competition.



Provide Value-Added Content

Whether you write a blog, host a podcast, or shoot videos to post online, value-added content offers sellers answers to their questions about the process and potential of the current real estate environment. Distribute your content through email blasts, social media, and direct mail to ensure that it gets in front of your target audience.



Dig Into Expired Listings

Find out what homes haven't sold in your area in the past year or two and see if any of those homeowners would be open to your message. The key with expired listings is consistency. Most real estate agents give up after one or two contacts so if you hang in there and remain focused on their needs, you may be able to convert some of these previously disappointed potential sellers.



Pro tip Find practical tips and insights on how to grow your career in the Career Hub: RealEstateExpress.com/Career-Hub

Chapter Three:

How to Survive a Cold Market

It may seem that every place in the country is experiencing the same hot market, but this may not be the case. Some condos are sitting empty or reducing their prices in response to population shifts and less appealing urban markets. Low inventory may be leading to stagnation in some areas as buyers temporarily put their plans on hold in response to a lack of choice.

Here are some of our best strategies for surviving and thriving in a cold market.





Focus on Alternative Niches

Find out where everyone isn't and go there so that you can provide service where it's most needed. In the current market, that means first-time homebuyers as well as renters and landlords. It means urban markets instead of suburban enclaves. It may mean starter homes instead of luxury homes. At any time, it means reaching out to underserved parts of the market and adding value wherever possible.



Get Extra Active Online

If you're not as busy as you'd like to be, this is the time to start that new online marketing initiative or reboot a previous one. Use your video channel to interview small business owners in your area. Make your new podcast a source of education and inspiration. Write a blog geared towards your ideal client and draw them in as new fans and followers. Be intentional about your social media channels and connect with your audience there. If you can build consistency into your online presence, you'll cultivate a steady stream of warm leads who'll reach out to you, no matter the market.



Educate Yourself

Real estate associations all over the country have responded to the current conditions by developing and fast-tracking the adoption of online classes and instructional opportunities so that everyone can continue to improve their skills. Take a class, embark on a course of study, or go for that long-overdue broker-in-charge license. Get a new certification or designation. Apply for an enrichment program or membership in a professional organization. This will set you apart from the competition and give you a leg up for years to come.



Pro tip Complete your continuing education requirements and learn new skills you can apply directly to your real estate business at [RealEstateExpress.com](https://www.RealEstateExpress.com)



Diversify Your Business

A slowdown in your market may give you the opportunity to pursue other avenues designed to help you diversify your income streams and develop new ways to grow. Shadow an investor and learn the ropes so that you can buy your first investment property. Work with a property manager and develop the skills to step into a new role for the first time. Reach out to potential partners in other markets and cultivate a relocation and referral network. The more varied your interests and involvement, the better positioned you'll be during market shifts.

Take on Leadership Roles

From member recruitment to training opportunities and political advocacy, committees at the associational, state, and national level serve real estate professionals and industry development. Apply for a role on one of these committees, run for office in your organization, or otherwise help out as needed. You'll find that you make new connections and stay abreast of the most current movements in the market while also learning from other industry leaders.



Find Ways to Be of Service

Whether you volunteer with a local non-profit organization or simply reach out to your sphere and identify folks who need you, making yourself available and useful to your community is a great way to respond to a slower market. Deliver groceries, help at the local food bank, or provide needed connections to area resources for those who are struggling with job loss or illness. These actions cost you virtually nothing and help you make a huge number of connections while showing your commitment to the people and neighborhoods you represent.



Conclusion

Whatever the market is like in your area, and no matter how busy you may be, there are ways to add value and insight that will benefit your sphere, your leads, and your clients. By cultivating responses to a variety of market conditions, you'll always be prepared with strategies for finding and serving clients.

Use this time to create a variety of resources for your clients, from buyer and listing presentations to email drip campaigns to a video series. By keeping these up to date, you can instantly provide value-added information when it's requested or when market shifts make it newly relevant.





**Real Estate
Express**

Copyright © 2021 Real Estate Express. All rights reserved. All content is owned by Real Estate Express. All copying, printing, duplicating, or use beyond the scope of this site is expressly prohibited, and violations will be prosecuted. All other company and product names may be trademarks of their respective owners. The information contained herein is subject to change without notice.

Real Estate Express is dedicated to providing real estate professionals with the latest information and most innovative tools and resources for ongoing career development.

[RealEstateExpress.com](https://www.RealEstateExpress.com)

