

Basic Principles of Negotiation

by Patrick Carlisle, COMPASS Chief Market Analyst

1. Don't hesitate to throw in offers below asking, even well below asking. Don't worry about "insulting" the listing agent/seller; don't bother asking the listing agent if the seller will consider an under-asking offer.
2. Never make assumptions regarding what the other party will ultimately agree to. *Because you don't know. The other agent doesn't know. The principals themselves don't know what they might accept when a deal is a signature away.*
3. If it helps your buyer's case, include data on recent sales, price reductions, expired listings, and market trends with your offer. You might be telling the seller *the same things they're hearing from their agent.*
4. *NEVER, ever* discourage anyone from making an offer on your listing: Low offers can still turn into deals or be used to *leverage another offer higher.*
5. Advise clients to counteroffer *every* unacceptable offer or counteroffer, even if the concession is negligible. A counter can be written in minutes, and as long as the conversation continues, there's a chance to make a deal.
6. Lose the big ego. Lack of courtesy – to agents or principals – kills deals that could have been made otherwise.
7. Make concessions grudgingly: big, easy concessions undermine your position.
8. If possible, "tie a string" to concessions: ask for something in return. Even small concessions can keep the negotiation moving forward to agreement.
9. People respond best to compromises that *seem* "fair." "Splitting the difference" can sometimes nudge the other party to make a last concession. (There is nothing necessarily fair about splitting the difference, but it often *seems* fair.)
10. Time can be a negotiating tool. Speeding things up, such as with a short expiration-of-offer timeline, or slowing things down, to put pressure on the other party to change their position or to allow time for other offers to come in, can be effective strategies.

- 11. It's not over until it's over. Don't give up on a negotiation prematurely: Keep strategizing, communicating and looking for out of the box solutions – with your client, with the agent on the other side (without compromising your client's interests or confidentiality). Stay in touch if the first negotiation doesn't bear fruit – the other party may change their position after more time passes.**
- 12. Every deal is different, with different parties and circumstances, and every negotiation strategy carries risks and rewards: The client is always the decision-maker.**