

Calculating Absorption Rate

There are only a certain number of houses that will sell in any market in any given period of time.

Let's see if your house will be one of them.

If 12 homes sold in the last 12 months in a given market that means that the market will absorb 1 house per month on average. If there are 10 homes currently on the market, there is a 10-month supply. A 6-month supply is a balanced market, less is a seller's market, and more is a buyer's market.

How to Calculate Absorption rate:

1. Find your search area, criteria, price range, target market segment, time for analysis.
 - a. The longer the time the better the overall average
 - b. Shorter times give the latest trends
 - c. Detailed searches give more accurate results
2. How many closed transactions occurred in the last 12/ 6 /3 months?
 - a. You find this in your MLS
 - b. Houses not sides of transactions
3. Divide the total closed by the time period.
 - a. # Homes closed in the last 12 months
 - i. $\# / 12 = \# \text{ homes closing on average every month}$
 - b. # Homes closed in the last 6 months
 - i. $\# / 6 = \# \text{ homes closing on average every month}$
 - c. # Homes closed in the last 3 months
 - i. $\# / 3 = \# \text{ homes closing on average every month}$
4. Determine how many houses are currently for sale?
5. Divide the number of houses for sale by the average closed per month equals the number of months' supply of houses.

A 6-month supply is a balanced market, less than 6 months supply there isn't enough houses to fill demand. More than 6 months supply isn't enough buyers to purchase the supply.

Learn What to Say! Then Learn What to Do!

Mr. & Mrs. Seller . . .

“It is my job to provide you with all the information you need to position your home to sell in the time you have allotted.”

“Once you have positioned your home, then I will have a business decision to make.”

“If you position your house to sell, in the time you have allotted. . . We can then join forces to form a business partnership – your home and my marketing – and together we can both move toward a payday.”

“However, should you choose to position your home so that it cannot sell in the time you have allotted, I will **allow** you to work with someone else.”

“Because all the marketing in the world will not produce a buyer dumb enough to pay you more than your home is worth!”

“Now, If I could show you a system that would give you a 100% guarantee of selling your home in the next 30 days would you be interested in looking at it?”

Power Questions

- By what date do you need to move?
- By what date do you want to have your house under a sales contract?
- Do you know how long it typically takes to go from Contract to Closing?
- Based on the Absorption Rate, how long could it take to sell your home?
- Based on the Absorption Rate, where do you think we should position your home?
- Do you think that positioning will get you where you want to go on time?
- What position in the market will it take to get you where you want to go on time?
- If your house doesn't sell in the time frame you have described to me, what is your **PLAN B**?



Absorption Rates and Probability of Selling

1. Criteria for search:

Area _____ Bedrooms _____ Bathrooms _____ LSF _____

Year Built _____ Pool _____ Frontage _____

Closed Transactions in Past:	12 Months	6 Months	3 Months
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Enter # of Closed Homes:	_____	_____	_____
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Average Homes Sold Per Month:	_____	_____	_____
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Currently Active in MLS:	_____	_____	_____
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Months' Supply of Homes:	_____	_____	_____
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1. Number of Closed Homes in last 6 month: _____

2. Number of Homes Available to Sell in last 6 months: _____
(This includes sold, currently active, withdrawn, expires)

3. Divide #1 by #2 * 100 = _____ % Probability of your Home Selling.

As long as No Other Home Enters the Market!!!

Absorption Rate Positioning

Seller: _____

Address: _____

Property Description: _____

Profile Buyer for this property: _____

Step 1: Define the **“Playing Field”** through **“Buyer’s Profile Eyes”**

-Area, neighborhood, price range, frontage, schools, pool, etc.

Step 2: Sold properties in the past 12 months: _____

Step 3: Sales rate (absorption rate) per month: _____

Step 4: Number of properties currently for sale (+ yours): _____

Step 5: At current sales rate, # months required to sell all current properties: _____

Step 6: Odds of Selling within 30 days through **“Profile Buyer’s Eyes”**

_____ (Monthly sales rate #3) / _____ (properties for sale #4) = _____ % odds of selling in 30 days.

Step 7: Positioning your property vs. the competition through **“Profile Buyer’s Eyes”**.

1. Condition: _____ Rating (1 – 10): _____

2. Location: _____ Rating (1 – 10): _____

3. Size (Home site and house) _____ Rating (1 – 10): _____

4. Features / Amenities: _____ Rating (1 – 10): _____

5. Price: _____ Rating (1 – 10): _____

Step 8: Market positioning through **“Profile Buyer’s Eyes”**

100% Odds of Selling within 30 Days = Position your home in the Top _____

100% Odds of Selling within 60 Days = Position your home in the Top _____

100% Odds of Selling within 90 Days = Position your home in the Top _____

As long as no other homes change their price, and no new homes enter the market!