

THE ART OF NEGOTIATION



ARSH ELLAHI

Hi Arsh,

I am just starting out in property and I am worried about offending vendors when it comes to making an offer for their property.

How do you know what to offer and how to put it across to ensure you create a win-win scenario?

Please help!

Mr R, Oxford

Thanks for getting in touch Mr R, and let me assure you that I have been in your position. I have worried about what to offer so that we can still get a good deal, while giving the owner a fair offer.

I can recall going to a property in Wolverhampton, where I met an Asian family who were not exactly desperate to sell their property. I went through the usual process, and then sat down with the husband and wife team to make my offer. As soon as I mentioned the figure, the owner literally opened the front door and asked me to get out.

Personally, I didn't think that my offer was that bad, but he did not give me the opportunity to explain how I had reached that figure. He simply opened the door and told me to get out.

So here is my first tip:

Do not get emotionally attached to the property. Treat it as a spreadsheet exercise and always remind yourself that the numbers do not lie.

I know far too many people who try to massage the numbers to make the deal work, however this is the start of a downward spiral.

Negotiating is a skill. It can be broken down into the following four stages:

- Preparation
- "Pain and motivation" conversation
- Discussion and making your offer
- Negotiate towards a win-win outcome

1 PREPARATION

Before you go to meet any vendor at a property, make sure you have done as much homework about the property and the neighbouring area as you can. This could include spending time on Rightmove, Zoopla, etc, as well as speaking to some estate agents operating in the area. This advice and research will come handy when you meet the owner, and will also show the vendor that you have an in-depth understanding of the property market.



2 "PAIN AND MOTIVATION" CONVERSATION

After you have been around the property with the owner, the time comes to sit down with them and talk, so that you can find out and understand the real reason for sale. Use this conversation to spend time building rapport and confirming your position in the marketplace.

The longer you spend building rapport, the more the vendor will trust in you and thus become more likely to share some of the real reasons for sale. This could be a marital breakup or financial hardship, but take note to ensure you can offer a solution that meets all their criteria.

Key skills during this stage include questioning, listening and clarifying.

3 DISCUSSION AND MAKING YOUR OFFER

After you have spent 30 minutes or so listening to the owner and having a cup of tea, this is the point where you start to get down to business. After all, this is the real reason why you are there.

Before you put your offer forward, it is always worth discussing the comparables you have researched, which will give the owner an idea of figures within the area. You could also mention the conversations you have had with agents or even name drop the agents who you have spoken to.

Once you've set the background, make your offer. It's always best to take a moment to see how the owner reacts. If the offer is too low, the tone of the conversation will change, and if it does, ask for some feedback. That will also determine whether you can negotiate a win-win scenario.

4 NEGOTIATE TOWARDS A WIN-WIN OUTCOME

This stage focuses on an outcome where both sides feel they have gained something positive through the process of negotiation, and both feel their point of view has been taken into consideration.

A win-win outcome is usually the best result. Although this may not always be possible, it should be the ultimate goal through negotiation.

I always try to present multiple offers simultaneously, rather than making one offer at a time. For example, these could be:

- A price to purchase it today at a discount
- A lease option to purchase in the future
- A rent-to-rent agreement
- The potential to add value and increase value through assisted sale



If the owner rejects all offers, ask him/her which one they liked best and why. Use this information to work on your own to improve the offer, or have a brainstorm with the vendor to find a solution that pleases you both.

Presenting multiple offers simultaneously decreases the odds of impasse, and can promote more creative solutions. The way a deal is negotiated must be understood by both parties, as negotiating will require different methods in different situations.

Good interpersonal skills are essential for effective negotiations, both in formal situations and in less formal or one-to-one negotiations.

These skills include:

- **Effective verbal communication.** How you put your offer across can also determine the outcome.
- **Listening.** This is extremely important. Listen to all the owner has to say.
- **Rapport building.** Also extremely important. If they don't like you, they will not sell to you regardless of the figure.
- **Problem solving, decision making and dealing with difficult situations.** Use these situations as inspiration to create the win-win scenarios.

If you have a question you would like me to answer in next month's article, please email me: arsh@arshellahi.com and I'll aim to answer as many as I can over the coming months.

CONTACT

Mailing List www.arshellahi.com/deals
Facebook Profile www.facebook.com/arsh.ellahi.1
Facebook Page www.facebook.com/ArshEllahi123
Instagram www.instagram.com/arshellahi
Youtube www.youtube.com/c/ArshEllahi
Linkedin www.linkedin.com/in/arshellahi
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