



THE COMPLETE GUIDE TO **SELLER** CONCESSIONS

**THE STRATEGIC ADVANTAGE OF OFFERING
COMPENSATION AND OTHER CONCESSIONS
IN TODAY'S MARKET**



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INTRODUCTION

We all understand that agents representing buyers should be fairly compensated for their efforts. Despite recent changes that might make this topic seem more complex, the reality is that little has changed. There are still numerous ways for buyer's reps to get paid, just as there always have been.

One effective method is through seller concessions derived from the purchase price of the home. Simply put, the money the buyer pays to purchase the home includes compensation for the buyer's agent, either directly or through concessions that allow the buyer funds to pay their broker.

This guide explores why this model remains effective, what both sellers and buyers need to consider, and provides an exercise to help you develop your own talking points. You'll learn how to discuss these options with your clients, helping them understand their choices for a smooth and successful property transaction. You'll also see that offering concessions is a long-standing practice and is much less stressful than it might seem currently.



THOUGHTS ON OFFERING CONCESSIONS IN SALES

Since the dawn of commerce, sellers have always sought innovative ways to make their products stand out. From merchants in ancient marketplaces offering special deals to modern retailers providing discounts and bonuses, creating incentives to attract buyers is a time-tested strategy. In the real estate market, offering perks like concessions continues this tradition. Just as in any other sales arena, these incentives can make your property more appealing, set it apart from the competition, and ultimately lead to a successful transaction. Offering such perks isn't just a tactic—it's part of a long-standing approach to making a sale more attractive and achievable for buyers.

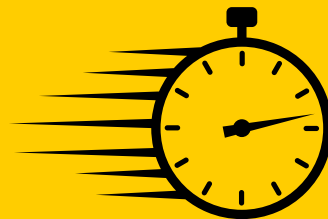
Important: The information provided here is intended to offer general information. Real estate practices and regulations can vary significantly by location and specific transaction. It is imperative for agents to consult with your real estate broker and legal representatives to understand the implications and legality of these concessions in your specific situation. This ensures that all actions comply with local real estate laws and are aligned with the seller's best interests. We accept no liability for any actions taken based on the information provided here. Always seek professional advice tailored to your specific circumstances.

13 COMPELLING REASONS FOR SELLERS TO OFFER CONCESSIONS

By providing these concessions, sellers can effectively create more appealing conditions to sell their property.

1 Broader Buyer Pool: Sellers attract a larger pool of potential buyers, including those who might be deterred by additional costs.

2 Faster Sales Process: Homes that offer such concessions are likely to sell faster, as the financial barrier for buyers is lowered, making the property more appealing.



3 Improved Marketing Appeal: Listings that highlight concessions can gain more attention in marketing materials, both online and through real estate agents' networks.

4 Attract First-Time Buyers: First-time homebuyers, who are often cash-strapped, are particularly attracted to homes where the seller offers to cover additional costs, including agent fees.

5 Increased Competitive Edge: In competitive markets, concessions can make the listing stand out against others that do not offer such incentives.

6 Reduced Seller Holding Costs: Selling the home quicker reduces ongoing costs for the seller, such as mortgage payments, utilities, taxes, and maintenance.

7 Potential for Higher Selling Price: Faster sales often correlate with higher selling prices, as the urgency can drive up the buyer's willingness to pay closer to or above the asking price. Also, Buyers might be more inclined to offer more when they see the financial benefits of reduced closing costs.



8 Potential for More Offers: More appealing terms often correlate with higher selling prices, as the urgency can drive up the buyer's willingness to pay closer to or above the asking price.

9 Enhanced Buyer Affordability: Lowering the buyer's upfront costs can increase their purchasing power, making it easier for them to meet the seller's asking price. Lowering the buyer's initial cash outlay by covering agent fees can make the process less stressful for buyers, potentially leading to a smoother sale.

10

Simplified Financing: Buyers may find it easier to secure financing when their upfront costs are reduced, as lenders often consider the buyer's cash reserves and ability to pay closing costs.



11

Streamlined Transaction Complexity: Simplifying the financial obligations for buyers can reduce the complexity of the transaction, potentially leading to fewer delays and smoother closings. In general, can foster a positive transaction experience, leading to smoother negotiations and potentially less conflict during the sale process.

12

Quick Decision Making: Buyers may be more inclined to make quicker decisions on homes where their closing costs are reduced, speeding up the transaction timeline.

13

Offset Market Perceptions: In a slow market or with properties perceived as overpriced, including these costs can counteract negative perceptions and attract interest. In a buyer's market, such concessions can be crucial in making a home more attractive compared to other available options.

Please send us any ideas we are missing at coaching@hiveologie.com.

7 WAYS SELLERS CAN OFFER CONCESSIONS

Each of these methods provides a way for sellers to attract and assist buyers by covering or offsetting costs, ultimately facilitating a smoother and more attractive transaction.

1 DIRECT PAYMENT TO BUYER'S BROKER

The seller agrees to pay a percentage or flat fee directly to the buyer's broker as part of the closing costs.



2 ADJUSTING THE SALE PRICE

The seller can increase the sale price slightly to cover the buyer's rep fees, essentially building the compensation into the overall price of the home.



3 OFFERING A SELLER CREDIT

The seller provides a credit at closing that the buyer can use to cover their rep's compensation or other closing costs.

4 ESCROW ACCOUNT CONTRIBUTION

Contributing to the buyer's escrow account can help cover various costs, including the buyer's rep fees.

5 ASSISTANCE WITH DOWN PAYMENT

While not directly covering agent fees, offering to assist with the buyer's down payment can ease their overall financial burden, making it easier for them to pay their agent. as part of the closing costs.

6 SELLER-PAID COSTS

- **Seller-Paid Closing Costs:** The seller offers to cover a portion or all the buyer's closing costs, which can include the buyer's rep compensation.
- **Prepaid Points or Fees:** The seller can prepay certain costs like mortgage points or fees that effectively reduce the buyer's out-of-pocket expenses, freeing up funds to cover compensation. The seller can pay to reduce the buyer's interest rate, which lowers their monthly mortgage payments and offsets the cost of the buyer's rep fees.
- **Offering to Pay Transfer Taxes or Recording Fees:** the seller can reduce the buyer's closing costs by covering government fees associated with the property transfer.
- **Offer to Cover Property Insurance or Taxes for a Year:** Covering annual costs such as property insurance or taxes can free up buyer's funds.
- **Providing Move-In Allowances:** The seller can offer allowances for moving expenses, which again helps buyers with closing costs.
- **Renovation or Repair Credits:** Offering credits for future renovations or repairs can make the financial picture more appealing for buyers.
- **Paying for Home Inspections and Appraisals:** By covering these costs, the seller reduces the buyer's initial expenses, potentially freeing up funds in another way.

7 OTHER WAYS TO PROVIDE CONCESSIONS

- **Providing a Home Warranty:** Including a home warranty in the sale can be an attractive value add that compensates through added security and savings.
- **Flexible Closing Dates:** Offering flexibility with closing dates can provide financial convenience to buyers, helping them manage their funds better to cover costs. Also, shorter closing dates specifically can help sellers mitigate their holding costs which in turn could be passed along in the form of a concession.
- **Bundling Concessions:** The seller can offer to cover multiple costs as a bundled concession.

Please send us any ideas we are missing at coaching@hiveologie.com.

EXERCISE: DEVELOP YOUR TALKING POINTS

At Hiveologie, we believe in first understanding what options are available to your clients and then creating your own talking points that suit your style and local regs.

Embrace multiple models for compensation from both buyers and seller. Learn to communicate your value so compensation is obvious and get excited about all the new possibilities this offers to you, your buyers and your sellers.

Learn what can be done locally and legally, remain flexible to your client's needs and learn how to best communicate your guidance to truly offer the best possible support to your clients overall.

Use this table below to:

1. Select which options are relevant and advised by your broker or legal representative
2. Frame how you can best support your buyers or sellers in your own words

REASON	EXAMPLES	ADD YOUR TALKING POINTS HERE	LOCALLY RELEVANT AND APPROVED BY YOUR BROKER / LEGAL REPS?
Broader Buyer Pool	By offering to cover the buyer's rep fees, you open your home to a larger pool of potential buyers. Many buyers might be hesitant to take on additional costs, and this concession makes your property more accessible and appealing to a wider audience.		Relevant: <input type="radio"/> Yes <input type="radio"/> No Approved: <input type="radio"/> Yes <input type="radio"/> No
Faster Sales Process	Homes that offer concessions like covering the buyer's rep fees tend to sell faster. This is because reducing the financial burden on buyers makes your property more attractive, leading to quicker offers and a shorter time on the market.		Relevant: <input type="radio"/> Yes <input type="radio"/> No Approved: <input type="radio"/> Yes <input type="radio"/> No

<p>Improved Marketing Appeal</p>	<p>We can highlight your willingness to cover the buyer's rep fees in all our marketing materials. This unique selling point will grab more attention online and through our agent network, possibly increasing the visibility and attractiveness of your listing.</p>		<p>Relevant: <input type="radio"/> Yes <input type="radio"/> No Approved: <input type="radio"/> Yes <input type="radio"/> No</p>
<p>Attract First-Time Buyers</p>	<p>First-time buyers often have limited funds. By covering the buyer's rep fees, you're making your home more appealing to this significant group, who might otherwise struggle with upfront costs.</p>		<p>Relevant: <input type="radio"/> Yes <input type="radio"/> No Approved: <input type="radio"/> Yes <input type="radio"/> No</p>
<p>Increased Competitive Edge</p>	<p>In a competitive market, standing out is crucial. Offering to cover the buyer's rep fees can give your home an edge over others that don't provide such incentives, drawing more interest and potentially more offers.</p>		<p>Relevant: <input type="radio"/> Yes <input type="radio"/> No Approved: <input type="radio"/> Yes <input type="radio"/> No</p>

Reduced Seller Holding Costs

Every month your home sits unsold costs you in mortgage payments, utilities, and maintenance. Selling quicker by offering to cover these fees can save you substantial ongoing costs.

Relevant:
 Yes
 No
 Approved:
 Yes
 No

Potential for Higher Selling Price

Homes that sell faster often do so at a higher price. The urgency, attractiveness, competition and reduced financial burden for buyers can drive them to offer closer to or perhaps even above your asking price, especially when they see the added value of lower closing costs.

Relevant:
 Yes
 No
 Approved:
 Yes
 No

Potential for More Offers

Attractive terms can lead to more offers on your home. Multiple offers create a competitive atmosphere, often resulting in higher final sale prices.

Relevant:
 Yes
 No
 Approved:
 Yes
 No

Enhanced Buyer Affordability

By lowering the buyer's upfront costs, you increase their purchasing power. This makes it easier for them to meet your asking price and reduces their financial stress, paving the way for a smoother sale.

Relevant:
 Yes
 No
 Approved:
 Yes
 No

Simplified Financing

Buyers often find it easier to secure financing when their upfront costs are lower. Lenders look favorably on buyers with more available cash reserves, and covering fees can help your buyer secure their loan more easily.

Relevant:
 Yes
 No
 Approved:
 Yes
 No

Streamlined Transaction Complexity

Simplifying the financial obligations for buyers by covering their fees can reduce the complexity of the transaction. This leads to fewer delays, smoother closings, and a generally more positive experience for all parties involved.

Relevant:
 Yes
 No
 Approved:
 Yes
 No

Quick Decision Making

When buyers see that their closing costs are reduced, they may be more inclined to make quicker decisions. This can speed up the entire transaction timeline, getting you to closing faster.

Relevant:

Yes

No

Approved:

Yes

No

Offset Market Perceptions

In slower markets or if your property is perceived as overpriced, offering to include fees can counteract these negative perceptions. This makes your home more attractive compared to other available options, especially in a buyer's market.

Relevant:

Yes

No

Approved:

Yes

No

ADD YOUR OWN IDEAS

REASON	EXAMPLES	ADD YOUR TALKING POINTS HERE	LOCALLY RELEVANT AND APPROVED BY YOUR BROKER / LEGAL REPS?
			Relevant: <input type="radio"/> Yes <input type="radio"/> No Approved: <input type="radio"/> Yes <input type="radio"/> No
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			Relevant: <input type="radio"/> Yes <input type="radio"/> No Approved: <input type="radio"/> Yes <input type="radio"/> No



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