

SECTOR: BUSINESS SERVICES

SUB-SECTOR: BUSINESS SERVICES

LEVEL 5

BUSRE501 MANAGING REAL ESTATE MARKET

1. IDENTIFY REAL ESTATE UNDER AGENCY TRANSACTION

- 1.1. Proper identification of real estate under agent based on location, status, usage and ownership
- 1.2. Convenient classification of real estate customers based on their attitudes and location
- 1.3. Accurate preparation of real estate list based on listing standards required

2. ADVERTISE REAL ESTATE THROUGH A VARIETY OF MARKETING TECHNIQUES

- 2.1. Relevant description of marketing techniques in relation with real estate trade procedures
- 2.2. Exhaustive description of real estate advertising techniques in relation
- 2.3. Proper identification of tools and equipment required to advertise real estate sector.

3. ADVISE REAL ESTATE CUSTOMERS ON PRICES, COMMISSION AND MODE OF PAYMENT

- 3.1. Adequate identification of factors influencing real estate prices based on market environment.
- 3.2. Careful assisting in price determination based on bargaining power.
- 3.3. Proper identification of modes of payment based on financial facilities

LEARNING UNIT 1 IDENTIFY REAL ESTATE UNDER AGENCY TRANSACTION

Learning Outcome 1.1: Identify real estate under agent based on location, status, usage and ownership

Definition of real estate: property consisting of land or buildings.

Types of real estate's

There are four types of real estate:

1. Residential real estate:

These include both new construction and resale homes. The most common category is single-family homes. There are also condominiums, co-ops, townhouses, duplexes, triple-deckers, quad lexes, high-value homes and vacation homes.

2. Commercial real estate:

These include shopping centers and strip malls, medical and educational buildings, hotels and offices. Apartment buildings are often considered commercial, even though they are used for residences. That's because they are owned to produce income.

3. Industrial real estate:

These include manufacturing buildings and property, as well as warehouses. The buildings can be used for research, production, storage and distribution of goods. Some buildings that distribute goods are considered commercial real estate. The classification is important because the zoning, construction and sales are handled differently.

4. Land:

These include vacant land, working farms and ranches. The subcategories within vacant land include undeveloped, early development or reuse, subdivision and site assembly.

Learning Outcome 1.2 Classify real estate customers based on their attitudes and location

Types of real estate buyers:

- Forever home buyer
- The urban dweller

- Profiteer: one who makes an unreasonable profit especially on the sale of essential goods during times of emergency (as during wartime) Other Words from profiteer.
- The first time buyer

STARTER HOME; A starter home or starter house is a house that is usually the first which a person or family can afford to purchase.... In the real estate industry the term commonly denotes small one- or two-bedroom houses, often older homes but sometimes low-cost new developments.”

FOREVER HOME; Forever homes” don’t have as many definitions as “starter homes” because the meaning is implied in the name: it’s a house that lasts forever. It’s a house that you *will never, ever, ever, ever, ever in a bajillion years move out of.*

Dweller: a person or animal that lives in or at a specified place.

Types of real estate seller

- Motivated seller: **motivated seller'** is a property owner who is **motivated** to sell.
- Unmotivated seller

Difference between real estate customer and real estate client

Who Is a Customer?

Marcie sees a sign advertising a house for sale. She calls the real estate agency that is marketing the property. Marcie speaks with Drew, a salesperson. Marcie tells Drew that she is not working with a real estate agent and schedules an appointment to tour the property. Marcie is now Drew's customer.

A customer is someone who is making a buying decision. A buying decision is the process of evaluating the benefits of making a purchase. Buying decisions in real estate can include asking questions, researching, and comparing various properties for sale. In our example, Marcie became Drew's customer because she contacted him to help her in making a buying decision.

When a licensed real estate salesperson or broker has initial contact with a potential buyer or seller, that person is a customer. Although there is no agency relationship with a customer, salespersons and brokers are required by real estate licensing laws to follow certain guidelines when servicing customers, including:

Learning Outcome 1.3: Prepare real estate list based on listing standards required

real estate listing

A **listing** contract (or **listing** agreement) is a contract between a **real estate** broker and an owner of **real** property granting the broker the authority to act as the owner's agent in the sale of the property.

Steps of real estate listing process

- Choose a real estate professional
- Establish a price
- Signing listing agreement
- Marketing property
- Review offers
- Sign/Close

Methods of getting real estate listing:

- Ask around
- Get references from recent clients
- Pull a record of their licensing
- Pay attention to credentialing
- Ask about experience
- Look at their websites

Credentialing: Credentialing is the process of establishing the qualifications of licensed medical professionals and assessing their background and legitimacy. Many health care institutions and provider networks conduct their own credentialing, generally through a credentialing specialist or electronic service, with review by a credentialing committee. It may include granting and reviewing specific clinical privileges, and allied health staff membership.

Types of real estate listing agreement

- **Exclusive right to sell listing :** During this period the seller cannot list the **property** with any other agent and (unlike in **exclusive listing**) must pay the agent's commission even if he or she (and not the agent) finds a buyer. Also called **exclusive right to sell**.
- **Exclusive agency listing :** An exclusive agency listing is similar to an open listing, except the major difference is the broker will represent the seller. The seller may still reserve the right to sell the property herself and, in that case, not pay a commission
- **Open listing: Open Listings is an online real estate brokerage, focused exclusively on representing buyers. One of the stated goals of the company is to make homeownership more affordable for everyone by refunding 50% of their commission to the buyer at close.**

- **Net listing:** A **listing** based on the **net** price the seller will receive if the property is sold. Under a **net listing** the broker can offer the property for sale at the highest price obtainable to increase the commission. This type of **listing** is illegal in many states.

LEARNING UNIT2 ADVERTISE REAL ESTATE THROUGH A VARIETY OF MARKETING TECHNIQUES

Learning Outcome 2.1: Describe marketing techniques in relation with real estate trade procedures

Types of real estate marketing techniques

- Online profile
- Automate your CMR
- Email marketing
- Professional photos/staging
- The power of social media
- Video sharing/streaming
- Virtual walkthroughs

MCR: Real estate customer relationship management (CRM) software provides people in the **real estate** industry with a **CRM** platform specialized to their needs. It helps realtors speed up routine processes and stay in touch with clients and prospective customers.

Benefits of real estate marketing techniques

- Achieve long-term sales
- A cost form of marketing
- Winn the trust of new customers
- High return on investment
- Superior conversion

Real estate marketing tools and equipment

Here are the top 10 tech tools that every real estate agent needs:

1. Canvas - DIY Marketing Collateral

2. Google Suite - Your Office in the Cloud

3. Accompany for Gmail and Outlook - Relationship Manager

4. Trello - Task Management

5. Hoot suite - Social Media Management

6. Slack - Internal Chat and Collaboration

7. DocuSign - Electronic Signature Service

8. Streak for Gmail - Simple CRM within Gmail

9. Animator - Real Estate and Marketing Videos

10. Mail chimp - Send Newsletters and Create Ads

1. Canva - DIY Marketing Collateral

Canva is an online graphic design tool that makes creating marketing collateral amazingly simple. It has an easy-to-use drag and drop interface with different export options and layouts to choose from. To streamline the design process, Canva has millions of photographs, fonts and graphics to choose from or you can import your own.

Collateral:

something pledged as security for repayment of a loan, to be forfeited in the event of a default.

2. Google Suite - Your Office in the Cloud

Google Suite is your office in the cloud. It incorporates tools such as Gmail, Google Drive (online storage), Google Calendar, Google Docs, Google Sheets, Google Slides (presentations), Google Keep (notes and checklists) and Hangouts (video conferences) to streamline your business processes. If you're not already using a cloud solution like Google Suite, we strongly urge you to do so. There are a plethora of benefits associated with cloud software including greater collaboration and flexibility, easier access from anywhere anytime, enhanced security

due to constant updates and better data backup and recovery options. Read more about [common misconceptions about cloud software](#).

3. Accompany for Gmail and Outlook - Relationship Manager

[Accompany for Gmail and Outlook](#) is an intelligent relationship manager that lives on the right-hand side of your email inbox. The extension pulls information from all over the internet to create a rich profile of the sender, without you ever having to leave your inbox.

Right next to the sender's message, you'll be able to see information such as their past and current positions, social media handles, any recent news about them or their company and links to any previous emails or meetings you've had with them.

Gone are the days of digging through your inbox for emails from the sender to find out who they are. With Accompany for Gmail and Outlook, you can put a face to every name and remember what's important. Here's how to install [Accompany for Gmail](#) and [Accompany for Outlook](#).

4. Trello - Task Management

[Trello](#) is a collaborative task management tool that allows you to organize your projects into boards. You can easily see who is working on what and what stage the project is in. Here are [two ready-made Trello boards for real estate agents](#).

Once you create a board, you can create different lists for different stages of the project and drag and drop Trello cards under the different lists as needed. These update in real-time!

In each card, you can add comments, create checklists, add labels and due dates, upload attachments and start discussions. Additionally, you can invite as many people as you want and view any member activity on the right-hand side. This way everyone is kept accountable for their actions and tasks.

5. Hoot suite - Social Media Management

When it comes to tech tools that every real estate agent needs, this list wouldn't be complete without [Hoot suite](#). Hoot suite is a social media management tool that makes it easy to manage

multiple social networks such as Facebook, Twitter, LinkedIn and Instagram, schedule content and engage with your audience.

6. Slack - Internal Chat and Collaboration

Think of Slack as a virtual office where you can share files, communicate, search through information archives and collaborate with other colleagues, even if you're out of the office.

Over the years, Slack has evolved from a cloud-based chatroom to a set of team collaboration tools due to the sheer number of apps that Slack integrates with. For example, you can pull in Trello checklists and due dates, social information from Twitter and documents from Google Drive etc.

7. DocuSign - Electronic Signature Service Image credit: Docusign.com.au

DocuSign is an electronic signature service that accelerates transactions as documents are securely managed and stored in the cloud. This means that they can be signed from anywhere, at anytime and on any device.

Not only does this reduce paperwork but it can also dramatically reduce contract reworking due to illegible handwriting and missed signatures. For real estate agents like yourself, this can mean more deals in less time!

8. Streak for Gmail - Simple CRM within Gmail

Image credit: Streak.com

Streak for Gmail is a handy Google Chrome extension that helps you manage leads and transactions straight from your Gmail. This means you don't have to continually switch between your customer relationship management (CRM) system and Gmail, effectively saving you time and money.

9. Animator - Real Estate and Marketing Videos

With video marketing on the up and up, every real estate agent needs a reliable real estate video app in their arsenal! Animator makes creating property listing videos, slideshow videos, testimonial videos and marketing videos a breeze with its pre-built storyboards, growing library of music and drag and drop interface.

Arsenal : a building where weapons and military equipment are stored:

10. Mail chimp - Send Newsletters and Create Ads

The last tech tool that every real estate agent needs is Mail chimp. Mail chimp is a simple email marketing software that allows you to build beautiful real estate emails and newsletters without the need for a designer or developer. All you need to do is choose an email list to send to, choose who the email is from, select an email template or create your own, customize the content, preview the email then send it. Voila!

Learning Outcome 2.2: Describe real estate advertising techniques in relation with real estate sector

Types of real estate advertising Strategies

- Market yourself using Zillow(premier agent platform)
- Choose word that sell
- Write a killer real estate newsletter
- Host local neighborhood

Marketing objectives of real estate advertising companies:

- Create a clear market position
- Build a strong property list
- Attract buyers

Keys to Clear Marketing Positioning.

- Identify Your Core Target. You have the best solution, technology, product or service. ...
- Identify Your Competitors. ...
- Know Your Competitive Advantages. ...
- Focus on Your Strengths. ...
- Choose (And Renounce). ...
- Be Authentic. **Authentic** is defined as: “not false or copied; genuine; real.” And, my favorite definition, “representing one's true nature or beliefs; true to oneself or to the person identified.”

Qualities of good real estate advertising

- It should be simple
- It should be capable
- of holding readers attention
- It must be suggestive
- It should have conviction value
- It should educate the people
- It should have memorizing value

Methods to hold the attention of real estate advertising readers:

Headlines should be properly worded

- Pictures and sketches should be in direct relation with the product to be advertised
- Attractive borders should be inserted around the advertisement copy

- Quoting the price : **Quoted price** refers to stock, bond or other security **quotes**. A stock **quote** is an estimate of **price** or a **price** at which one party is willing to buy or sell a certain number of shares of stock from the other. A **quoted price** consists of a bid **price** and an ask **price**.
- Banners
- Bill boards
- Publicity on Radio
- Publicity on Television
- Online and social medias

Learning Outcome 2. 3: Identify tools and equipment required to advertise in real estate sector

Types of tools used to advertise real estate

- Social media marketing program
- Websites
- Email marketing services
- Explainer videos
- Mobile/text message
- Home-buying seminars

Homebuyer: a person who purchases a house or flat as a place to live.

Advertising equipment

- Advertising boards
- Floor standing LCD digital Video : told about real estate details
- Virtual hologram projection
- Advertising banner printer solvent

Real estate secret weapons

Weapons: A **weapon** is something such as knowledge about a particular subject, which you can use to protect yourself or to get what you want in a difficult situation.

- Smartphone and tablet
- USB mobile charger
- House cleaning materials
- GPIS navigation and paper maps
- Listing photo and info printouts

LEARNING UNIT 3 ADVISE REAL ESTATE CUSTOMERS ON PRICES, COMMISSION AND MODE OF PAYMENT

Learning Outcome 3.1: Identify factors influencing real estate prices based on market environment

Factors affecting land value

- Physical attributes
- Accessibility to economic activities

- Neighborhood amenities
- Present and future use
- Demand and supply function
- Location and Transport linkages

Amenity: a desirable or useful feature or facility of a building or place.

Steps followed when calculating real estate commission

- Multiply commission % by the purchase price
- Familiarize yourself with common commission amount
- Discuss your specific commission before signing any paperwork
- Remember that commission is already tacked on final sales price
- Understand how commission is split between brokers

Learning Outcome 3.2: Assist real estate customers in price determination based on bargaining power.

Price fixing is a conspiracy between business competitors to set their **prices** to buy or sell goods or services at a certain **price** point. This benefits all businesses or individuals that are on the same side of the market and involved in the conspiracy, as **prices** are either set high, stabilized, discounted, or fixed.

Conspiracy: a secret plan by a group to do something unlawful or harmful.

Methods of real estate price fixing

- Cost-plus pricing
- Demand based pricing
- Competition based pricing
- Value pricing
- Mark-up pricing
- Target return pricing
- Going rate pricing: **Going rate pricing** is a common practice with homogeneous products with very little variation from one producer to another, such as aluminum or steel.

What is a Target Return?

A target return is a pricing model that prices a business based on what an investor would want to make from any capital invested in the company. Target return is calculated as the money invested in a venture, plus the profit that the investor wants to see in return, adjusted for the time value of money.

Mark-up pricing: Markup is the ratio between the cost of a good or service and its selling price. ... Markup can be expressed as a fixed amount or as a percentage of the total cost or selling price. Retail markup is commonly calculated as the difference between wholesale price and retail price, as a percentage of wholesale.

Demand Based Pricing is a **pricing** method **based** on the customer's **demand** and the perceived value of the product. In this method the customer's responsiveness to purchase the product at different **prices** is compared and then an acceptable **price** is set.

Cost plus pricing:

Cost plus pricing involves adding a markup to the cost of goods and services to arrive at a selling price. Under this approach, you add together the direct material cost, direct labor cost, and overhead costs for a product, and add to it a markup percentage in order to derive the price of the product. Cost plus pricing can also be used within a customer contract, where the customer reimburses the seller for all costs incurred and also pays a negotiated profit in addition to the costs incurred.

The Cost plus Calculation

As an example, ABC International has designed a product that contains the following costs:

Direct material costs = \$20.00

Direct labor costs = \$5.50

Allocated overhead = \$8.25

The company applies a standard 30% markup to all of its products. To derive the price of this product, ABC adds together the stated costs to arrive at a total cost of \$33.75, and then multiplies this amount by $(1 + 0.30)$ to arrive at the product price of \$43.88.

Competition-based pricing is a **pricing** method that makes use of **competitors' prices** for the same or similar product as basis in setting **price**. This **pricing** method focuses on information from the market rather than production costs (**cost-plus pricing**) and product's perceived value (**value-based pricing**).

Pricing strategies for a professional real estate agent:

- Use comparable sales as a product pricing strategy
- Who has the upper hand in the market
- Offer a discount per square foot
- Know your target market
- Get an appraisal before selling the home
- Create a herd mentality

Square foot: A **square** measurement is the two-dimensional derivative of a linear measure, so a **square foot** is defined as the area of a **square** with sides 1 **ft** in length. Definition: In metric terms a **square foot** is a **square** with sides 0.3048 meters in length. One **square foot** is the equivalent to 0.09290304 **square** meters.

Herd mentality: **Herd mentality**, **mob mentality** and **pack mentality**, also lesser known as **gang mentality**, describes how people can be influenced by their peers to adopt certain behaviors on a largely emotional, rather than rational, basis. When individuals are affected by mob mentality, they may make different decisions than they would have individually.

Learning Outcome 3.3: Identify modes of payment based on financial facilities

Meaning of mode of payment

Means by which a **payment** is made, such as cash, check, or credit card. 2. Frequency with which a sum is **paid**, such as monthly, quarterly, or annually.

Types of mode of payment

- Credit cards
- Mobile payment
- Bank transfer
- E-wallets
- Prepaid cards
- Direct deposit
- Cash

Definition of '**E-wallets**' Definition: **E-wallet** is a type of **electronic** card which is used for transactions made online through a computer or a smartphone. Its utility is same as a credit or debit card. An **E-wallet** needs to be linked with the individual's bank account to make **payments**.

Factors to consider when choosing payment term

- Customer relationship
- Nature of order
- Political situation
- Economic situation
- Competitors offer terms
- Risk of price changes
- Need to control cash flow