Handling Buyer’s Remorse

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About a dozen years ago, I knew a real estate agent who, when he wrote an offer on a property, gave the buyers a huge horse pill in a clear plastic bag. The bag was labeled ‘Buyer Remorse Pill.’ It was a joke, but it would also open up a conversation with the buyer about the subject of buyer’s remorse.

One of the major challenges that we, as Realtors and home sellers, have in the current environment is that far too many buyers believe prices may continue to fall and are hesitant to make an offer on a property unless they negotiate some spectacular deal.

One of my functions in life is to assess the real estate market at Lehigh University each year and project the most likely direction for sales trends. I personally believe we’re going to start seeing some upward slope, although it will take many years to completely recover, but that’s a conversation for another article. Buyers, however, are lured by articles in their local press and on Yahoo which announce how bad things are and how much worse they’re likely to get.

In order to properly represent home sellers, realtors must dispel some of that fear, and help those buyers to see that real estate is a great investment over time. This particular agent’s approach was to alleviate that fear by explaining that buyer’s remorse is a natural part of the home buying process.

"Mr. and Mrs. Reed, after writing this offer, you will head home, and one of you will look at the other and say ‘What did we just do?’ You’ll start worrying that you made an offer on the wrong house in the wrong neighborhood. Your furniture won’t fit. You paid too much. You should have waited until the interest rates came down. You can’t afford this mortgage payment and so on. If you get home and start feeling that way, don’t worry. This is a common reaction called ‘Buyer’s Remorse.’ Call me and we’ll discuss it. I wouldn’t let you do something that I didn’t think was in your best interests.”

The two primary keys for home sellers in dealing with buyer’s remorse are, of course, to hire a good skilled real estate agent, and to require a significant deposit so the buyer cannot easily walk away.
from the purchase. If the worst does happen, the owner and their agent will have to work through the problem and try to keep the buyer’s fears at bay. Unfortunately, since the listing agent often isn’t the person working directly with the buyer, you will have to rely somewhat on the buyer’s agent to do his or her job correctly.

We train our agents to pull out all the statistics showing that even though property values have declined in most parts of the country over the past few years, these corrections are historical and they do reverse themselves. Recent sales are also a way to justify the price the buyer is paying on the property. We show trends and why buying a home versus throwing money away in rental payments is a good investment over time. We go back over the mortgage payments and rates and the buyer’s qualifications. We have even put together some cartoons to help lighten the situation.

Ultimately, there is no single answer for how to handle buyer’s remorse when it appears. Just be aware of the potential for a buyer to panic. If it happens, the buyer may try to withdraw from the agreement, or he or she may begin nitpicking the home because he or she is frustrated. Do not become emotional. If you are representing the buyer, simply respond the best you can and if you’re representing the seller, you may have to use the deposit as leverage to keep the buyer from withdrawing from the purchase.

*Loren Keim is the author of several books including *"How to Sell Your Home in ANY Market", *"Life Lessons... from the back seat of my car"* and *"Real Estate Prospecting: The Ultimate Resource Guide"*. 