

KNOW THE NEIGHBORHOOD.™



OPEN HOUSE STRATEGY

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BEGINNINGS

My first recollection of an open house was in 1996 in Washington D.C. A realtor I was working with mentioned she was going to hold an open house on her new listing and asked if I could bring by some financing flyers for potential visitors. I prepped some cool spreadsheets, with several finance options specifically for that property. The open was starting at 12:00 that Sunday. I showed up a 11:50 and went inside. She showed me the countertop where her business cards, water bottles with company logo, and sign in sheet sat. I put my finance flyers in a nice stack beside her info.



Brendan Donelson

*Partner, Know The
Neighborhood*

Over the next few hours, when a visitor entered the home, the realtor would typically act like they were at low end retail store. They would stiffen up, smile and say “let me know if you have any questions” and the attendees would politely hold up their hand and shrink and body language would say no thanks just looking and they would walk around the house quietly with their significant other while myself and the agent would whisper and wait for them to resurface at the entrance of the home only to exit with maybe one of the spreadsheets in their hand and a nice fake smile on the way out the door. I’d look at the agent and they would look at me and we would ask ourselves “I wonder what their deal was?”

DIFFERENT, AND BETTER.

We did these “opens” about 5 more times. The times I found the agent or myself gain traction was with people that very receptive to questions about the neighborhood and in general. Later on, I realized that agent or lender could have struck up a conversation with them because they were so ready to ask questions about the neighborhood, or about the market, or about financing. Typically, they never specifically had many questions about that house, or very rarely.

So my two big takeaways were this;

First, I would always leave open houses and be contemplating “why was there some much info and energy about the house being presented when the people coming into the house rarely if ever really care about the house specifically?”

Second, I found that the results of each open house really depended on the quality of people coming in, mixed with the quality/sales skill of the agent. And, I noticed that some agents were definitely better than others at “picking up” clients. But there was no real way for me to measure that because not one single agent could truly describe a system or a process by which they used to attract the client. So, 20-25 years later, it seems to me that open house are still pretty much the same.

DIFFERENT, AND BETTER.

So flash forward to now! And, just like the first time you used UBER and said “this is cool”...or “Amazon” and a package showed up the next day, there’s a major disruption in the “Open House” space. And in order to disrupt, you have to be willing to try something very different. Before telling you how and what, here’s a few reasons why maybe doing an open house differently could work in your favor;

1. It’s more fun!!
2. It could position you and your team truly as experts in the area!
3. It could open up more opportunities to actually help someone who visits that open house
4. It establishes an actual system. Using a systematic approach can be measured and improved.
5. It could develop great listing leads and enhances your ability to close more clients who want to sell.
6. It gives an agent more opportunity to gain long term clients without a tremendous follow up plan that they need to execute.
7. Oh yea, It’s more fun.

DIFFERENT, AND BETTER.

First: the mindset you need and your desired outcome must shift! Having the right mindset is above everything for this system to work. The person typically visiting an open house is seeking to gather more information always. Otherwise they would not be walking around. So, as the agent/lender duo, your first job is to understand that you have all of the information that they are possibly seeking. And to realize that you might not be able to fulfill those needs instantly. If you are the expert, and they quickly know that, feel that, or observe that, they will be much more willing to seek out more information from you on their time frame and be more receptive to your questions and subsequent offers. Owning a home is the end of the sequence of events. And you have no idea what obstacles truly stand in the way of you believe the only answer is to “show them property”. Understanding that using team approach to help them could be healthier for them (and you) is another subtle shift required versus thinking the onus of cultivating clients always lies on your shoulders.

Partners.

DIFFERENT, AND BETTER.

Second, your desired outcome needs to be that any potential visitor is categorized as to what type of lead they are and then you establish a clear way to add tremendous value to them with follow up information, that is stacked and loaded with content that pertains to them. To systematically calculate what type of visitor they are is a little more difficult and requires skillful positioning on your part. And the best chance you have is before they enter the home that they are almost never interested in purchasing. Gathering their name, their cell phone and email are the triple threat for follow up and execution. And being able to engage them while you have their attention will create massive momentum if their interests are peaked.

We've found open house attendees fall into 4 Major Quadrants.:

1. Buyers with no real means to buy a home right now. Also, they have no distinct execution plan on how to buy typically within the next 6-24 months.

2. Buyers that are interested in buying a home (typically within the next 6-12 months and they do have a plan and/or the means to do so.

3. Sellers with no real interest in selling their home now or within the next 12 months.

4. Sellers that want to find a home to buy inside of 12 months and once they find it they will be motivated to sell or establish a plan.

AVATARS

We've created A list of 7 specific types of open house characters/visitors we've met through the years:

1.The Nosy Neighbor Who Owns

2.The Carrot Seller Who Will Be a Buyer

3.The Dreamer (s) - Don't own

4.The Lamb (s) - 1st timer buyers who rent currently and are gathering info

5.The Lost Puppy (Puppies)- Renters who don't have a plan for 6-24 months

6.The Right Now Buyers - they are buying and have an agent

7.The Know It All's - could own, could rent, might not want to hear a word from you and they will be resistant to any questions or info.

AVATARS

The Nosy Neighbor (NN)

this visitor can be an awesome possible lead. They could own nearby and want to size up the home (because they've never seen it before and really don't know their neighbor) or they might be good friends and they are just checking in to make sure of something. Regardless, these types will be impressed that your system is actually asking overt questions, isn't like a typical open house, and is really offering facts about the neighborhood and gathering facts about attendees. These people could also be renters in the neighborhood. In which case they become a #4 or #5 type.

The Carrot Seller who is a Buyer

These visitors announce pretty quickly that they own somewhere else and are interested in this neighborhood. They own their home. And they are thinking about their future. This house most likely is NOT the "carrot" they need to fully motivate them to sell their place. They can be asked some seriously good questions to assist them.

AVATARS

The Dreamer (s)

this visitor can be an awesome possible lead. They could these people typically don't own. They somehow showed up. They are not ready yet but they continually are out looking. Most of their true obstacles are not house related. Their issues are around planning for their future. Getting their finances together and a budget and a real plan is their first priority....they just don't realize it yet. But hopefully they will after you walk them thru a series of questions. The Dreamers are not to be mistaken for the "Lost Puppies".

The Lamb (s) and The Lost Puppies

both typically are 1st time home buyers. They announce this quickly. The Lambs will tell you they've just started by looking at houses. They don't have an agent they've committed to. They haven't really sat down with a lender and learned about the ins and outs of the process / renting versus owning figures/ getting officially preapproved. They are really wanting to find a great team (realtor and lender) and don't know it yet. They need to sit down with somebody. The Lost Puppies are a less prepared version of the Lambs. They aren't as clear about their path to home ownership. The directional balloons and the tent out in front attracted them, and after that they are just seeing stars and going along with your questions. When you asked the first question, their answer also is "we have no clue". They might not be able to execute anything in the next 6 – 24 months.

AVATARS

The Right Now Buyer

they are buying and have an agent and have been pre-approved for their loan. They put up walls right away and act like they are just wanting to see this house. They might have a few areas where they could be broken down. The presentation materials and the items they might check on intake form might impress them. The conversion rate on this type of lead is not high...unless the information provided impresses them so much they open up and ask more questions.

The Know it All (KIA)

This visitor is the toughest. They could own. They could be renters. And, they don't like this system!! They simply want the old system which lets them walk in, look around as they please and exit with no forced interaction. First and foremost remember this. THIS IS PRIVATE PROPERTY. So someone not willing to conform to the system is selecting themselves out by not conforming. These people are the ones that the agents and lender must hold or stick to their guns, otherwise the assumption is that all visitors become this type of possible lead. Also key to remember, this person just needs to be asked the right "calibrated" question or series of "calibrated" questions. They can be disarmed carefully and possibly become any type of lead. There could be more value in confronting them that you can imagine. And, it's totally ok to let this visitor go by the wayside and work with your competition. Tough people are a drag on your business.

WHY DO AN OPEN HOUSE AT ALL?

When I started in the mortgage business, I used to sit in with Realtors on Saturdays and Sundays and attempt to form a better relationship with them. One of the things I quickly realized was that most Realtors were easy to talk with in open houses because of one simple fact.....there weren't very many attendees! Realtors would hold houses open on Saturdays and Sundays from 12-40 or 11-3 or 11-1 or 1-5 or any variation in between. For the most part, it didn't matter because unless the property was in some miracle location, they typically never had more than 20 visitors over a 3 to 4 hour period. So there was plenty of time to talk with them.

First AHA I noticed: Most realtors would have their business cards, a copy of the MLS sheet present on the listing, a sign in sheet, and that's about it. Sometimes, they'd ask me to prepare a lender spreadsheet showing different financing options on the property. Logically, I always thought the realtors knew what they were doing and the things realtors would bring to open houses would be something that the attendees would be interested in taking and something that would be their benefit... Right???. Wrong.



Grant Mason
Partner, Know The Neighborhood

WHY DO AN OPEN HOUSE AT ALL?

From personal experience, I attended and created spreadsheets for possibly over 150-200 open houses and never received a call off of those with a question from a potential homebuyer or attendee. And I'm sure the agents most likely never (or super rarely) got a call from handing out their business cards either. And likewise, I'm pretty confident that they got very little phone calls from the listing print out. Or from the bottles of water, or whatever else was on the entrance table.

Second AHA - When an attendee entered the home, The realtor would typically act like they were a retail sales rep at a furniture store in the mall. They would stiffen up, smile and say "let me know if you have any questions" and the attendees would politely hold up their hand and shrink their necks...and their body language would say "no thanks just looking" and they would walk around the house quietly with their significant other. All the while me and the agent would whisper back and forth and wait for them to resurface at the entrance of the home only to exit with one of the spreadsheets in their hand and a nice fake smile on the way out the door. I'd look at the agent and they would look at me and we would ask ourselves "I wonder what their deal was?". But the agent had their names and info on the sign in sheet. "John Smitherton - 615-444-1111 johnbs@earthlink.net. Yes!!! The numbers were often fake, and the emails were too!

WHY DO AN OPEN HOUSE AT ALL?

The only time I found it Agent or myself ever really gain any traction with people is when they were very receptive to questions about the neighborhood and in general any Agent or LENDER could have struck up a conversation with them because they were so ready to ask questions about the neighborhood... Typically never specifically about that house... Or very rarely. So why was there so much detail placed on the actual house being held open when people repeatedly didn't give two flipping fucksticks about the actual house??

So over time I would ask agents why they would hold open houses and here were the responses:

1. "I occasionally pick up a really good buyer. And when I do, it makes all of the other 22 open houses I held worth it because I got one deal from it!"
2. "I have to do them because the seller wanted me to expose the property to more people. And besides the MLS, I have to show them that I'm committed to them and doing an open house does that..especially when I show them the sign in sheet."
3. "Open houses don't sell the property.....but they do attract nosey neighbors and I can potentially pick up a listing in the neighborhood if the other owners nearby get a chance to meet me or see my signs."
4. "I'm not very busy with clients right now so this is the best thing I can do to possibly drum up some business."
5. "I don't get anything from them but its good quiet time for me to get organized for the week ahead."
6. "I hate open houses, but this is a listing of one of the agents in my office and we have to support one another so it's my turn to hold one of his/her properties open this week...ugh!"

INSPIRATION

In 2012, I heard a recording of an agent from Austin, Texas that shattered my viewpoints on Open Houses.

After I listened to a 90 minute recording from an agent in Austin, I forever changed my viewpoint on why a realtor would ever hold an open house. There's one reason and one reason alone to do so; It's to establish yourself as the EXPERT to the attendee. That's it! Ironically, the very next day after I heard the recording and took pages and pages of notes, I attended an open house in the neighborhood I was living in at the time. It was amazing how clueless the agent was. Moreover, how disinterested she was in us, Ironically, we owned in the neighborhood, and we sold in 2014. I don't even remember what the agents name was or what she looked like, but I do remember she violated every part of a "proper open house" set up to convince me that she was the EXPERT in her neighborhood and her results proved it She sold 14 Million in real estate in her first year, solely through open houses. She described every detail of how to drive traffic ,how to set up in front, and the special, magical first question she asked attendees once she introduced herself.

"THE HOW" CHECKLIST

Unique Sign-In Form and Intake System (Preferably Electronic)

Staged Sign-In Area

"Know The Neighborhood" Report and Slideshow

Schedule a call with Brendan, and he will walk you through the rest of the list.