

# A CLOSER LOOK AT THE PSYCHOLOGY OF HOMEBUYING

A REAL ESTATE EBOOK FROM







# INTRODUCTION

---

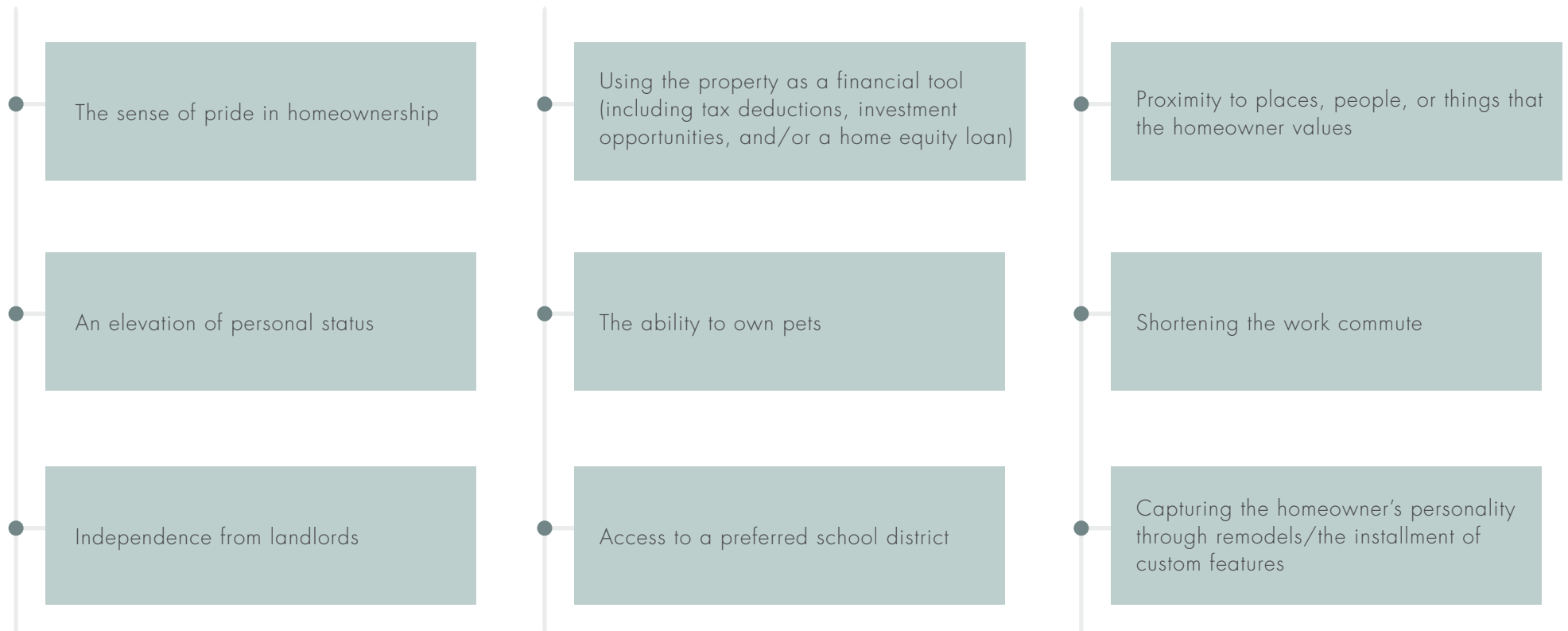
For many, purchasing a piece of real estate is one of the largest financial decisions they'll make in their lifetime. That means emotions are flowing, stress is high, and good judgment can fall victim to the complexities of the human psyche. As a real estate professional, it's your job to help counsel your clients through this journey and find the property that's best for them while providing some degree of satisfaction — especially if you're looking to earn referrals. You don't need to have a doctorate in psychology or a leather-tufted daybed, but having an idea of what causes people to make decisions and what is likely to make them happier overall will give you an edge as a real estate agent.

# WHY PEOPLE BUY HOMES

---

Unlike our retirement or investment app accounts, a home is an investment with a very personal connection. It's where we retreat from the hustle and bustle of the daily grind, raise our family, share meals, and express our own unique tastes. Then, there's the home's effect on the other aspects of our lives, like the school district it falls within, its proximity to the places we enjoy, and the sense of security that it allows us.

Further, owning a piece of property imbues a feeling of success, like you've captured a piece of the American Dream. Clearly, there's an emotional weight to any major real estate purchase, but everybody has different reasons for deciding to buy a home, including:





# WHAT MAKES A GOOD REAL ESTATE EXPERIENCE?

---

You may have heard that expectations are premeditated resentments, and to some degree, that's true. According to [an article published in \*Psychology Today\*](#), author Dr. John A. Johnson writes, "Human beings have a natural tendency to pin their hopes for happiness on fulfilled expectations." In fact, that's why owning a home is such a priority for so many Americans — the American dream of homeownership is the fulfillment of an expectation.

As an agent, setting expectations is a skill that, when mastered, is among the most powerful tools of the trade, but it's also one of the most difficult. Before moving forward with a client, be sure to ask a variety of questions about what they are expecting and what they would be grateful to have in a home. Once you understand their perspective, then you can use your market expertise to illuminate which of their expectations are manageable versus those that are not.

## Agent Advice:

By setting the record straight from the beginning regarding your client's expectations and explaining your thought process as reinforced by market data and/or real estate expertise, you create a more realistic picture of what your clients should expect from the homebuying process. Having this conversation sooner rather than later will boost your credibility and increase the likelihood that your client will have a positive homebuying experience.



# RESETTING COMMON EXPECTATIONS OF HOMEOWNERSHIP

---

Real estate is a “people business” where hard work, honesty, and a genuine commitment to helping others will pay off. Remember what we wrote about expectations? Sometimes clients think they’re ready to become homeowners when they’re not, and that’s okay. If your client is on the fence about becoming a homeowner, help them make the decision in their best interest by explaining common misconceptions of homeownership, such as:



Real estate doesn’t always appreciate in value, but building equity can be a great financial tool.



Thanks to repairs, insurance, taxes, etc., the true cost of homeownership could be more than the estimated monthly costs on sites like Zillow, Trulia, etc.



There are closing costs (and, depending on your state, attorney fees) associated with the transaction.



# RESETTING COMMON EXPECTATIONS OF HOMEOWNERSHIP

---

In [one study performed by Bankrate](#), 18% of homeowners cited unexpected maintenance as their top regret when purchasing a home.

The bottom line here is to act with your client's best interest at heart, even if it means you don't score the sale. Pushing someone into homeownership before they're prepared to take on the commitment should be avoided at all costs. When they're ready, they'll come back and may even refer others to you for being an honest and trustworthy counselor of real estate.





# DON'T LET CLIENTS LOSE SIGHT OF THE BIG PICTURE

---

It's easy for clients to get caught up in the minutiae of homebuying, which can cause them to lose sight of their bigger picture objectives. Sure, they can get more square footage if they live further out of town, but is that really going to make them happier if they have to commute twice as long and be far from friends, family, or the things that they love to do?

A great way to help clients see the big picture is to have them prioritize their values while you take notes. From there, you can work together to find a property that best supports the aspects of life that your client values most.



“If you’re moving  
to a place far away  
from your friends,  
but it has nicer stuff,  
it’s not a great deal  
for your happiness.”

– [Elizabeth Dunn](#), psychology  
professor at the University of  
British Columbia





# BE YOURSELF

---

There's a lot of literature out there about sales tactics, but these tricks don't always apply to real estate agents. High-pressure sales psychology and shady tomfoolery can actually hurt a real estate professional's business. This industry doesn't rely on quick sales; real estate is about building long-term relationships and connecting people with property that helps to enrich their lives. In short, there's no room for sales bullies in real estate.

According  
to [Inc.com](#),  
you should  
avoid these  
8 sales  
tricks or risk  
harming  
your brand:

1. Making wild client-centric promises
2. Being too persistent
3. Using photos of other prominent people in ads
4. Misrepresenting your relationship with others
5. Invasive door-to-door tactics
6. Sending spam (or anything your customer considers to be spam)
7. Pretending to know your prospect personally
8. Using "Fwd:" in your email subject line

The best approach, as always, is to be yourself. Be friendly, listen to your client's needs, help set reasonable expectations, and offer solutions that keep your clients' best interests at heart. Sound easy? It's not, but that's why real estate agents earn their commission.



“Successful people are always looking for opportunities to help others. Unsuccessful people are always asking, ‘What’s in it for me?’”

– Brian Tracy

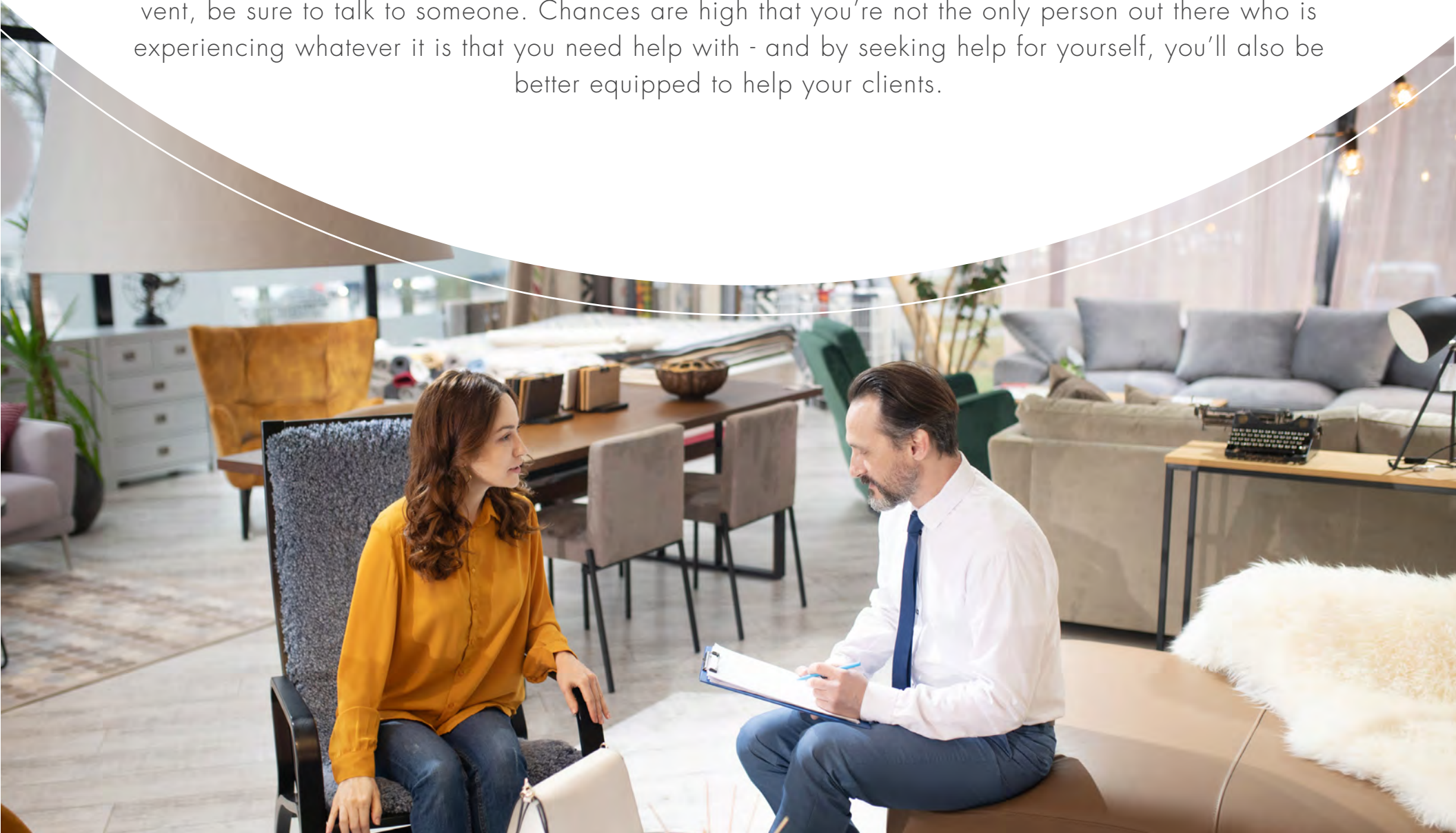




# REAL ESTATE IS PERSONAL

---

Real estate, in many ways, is an extension of who we are, what we need, and how we want to express ourselves. For that reason, it can be a difficult and complex realm to navigate psychologically, emotionally, and logically. So if you're in doubt, aren't sure how to handle a situation, or just need to vent, be sure to talk to someone. Chances are high that you're not the only person out there who is experiencing whatever it is that you need help with - and by seeking help for yourself, you'll also be better equipped to help your clients.



# ABOUT US

---

Founded in 2005, The CE Shop has become the leading provider of online real estate education. With industry-leading pass rates and support from Pre-Licensing through CE, our students are better prepared to set themselves up for success.

Our ever-expanding course catalog of Pre-Licensing, Exam Prep, Post-Licensing, and Continuing Education products are trusted throughout the industry and offer agents across the country the education they rely on.

With products available in all 50 states and D.C., we're driven by a desire to constantly improve, both for ourselves and our students.

