A great deal of the current concern about the economy is psychological. The economy is slowing, the key indicators are below where they were even six months ago, and the stock market plunge has reduced wealth, both real and perceived. But another element, one that carries great weight, is that we have experienced such a long and strong expansion and in contrast things now look (the following is a technical economics term - do not attempt to use it at home) really lousy.

In addition, and this is especially true for the stock market, a great many business people have no real memory of bad times. Anyone under the age of forty (the majority of the population) has experienced less than a year of recession during his or her entire working life. It’s little wonder that even a slowdown in the rate of growth triggers excessive apprehension in this group. Happily, their expectation is that the normal state of the economy is expansion, so good news - when it occurs - will be similarly magnified.

This psychological effect operates in the real estate market as well. Through the end of 2000, home sales have set records for five consecutive years. Demographics have pumped the market, inventory has disappeared and any seller was in possession of pure gold, a property for sale. Now the world is different. Because of the slump in the economy, and because of that high rate of sales since 1996, the real estate market is turning around. The leverage has shifted toward the buyer. For many Realtors, this represents a new and different business environment.

In the general business world, the survivors are those who pay attention to basics. The fundamentals never change, and while they don’t produce ballistic growth, they do allow for prospering through adversity. Because of the boom, it’s been all too easy to make money and ignore the fundamentals. Because of the huge volume of home sales, it’s been easy for Realtors to forget the basics of the business. It’s time to re-learn them.

One of the most important fundamentals is accurate pricing. It’s a truism of the real estate market that sellers are the last to catch on. When the market is rising, they chronically under price their properties; similarly, in a down market, they ask too much. The upshot of this is that when the market slumps, over priced inventory languishes, and the lingering property intensifies the negative perception about the economy and about the real estate market.

A major value added by Realtors to the market is to shine the sobering light of reality on sellers. This is important, but difficult owing to the perceptions held by sellers. The proper use of information is the key. The resources of your company files, your MLS records and the Internet will enable you to create a full and compelling justification for setting the proper market price on the property. But that’s only half the battle. Once the price has been set, you need to market the property skillfully and aggressively. That entails creating an enticing property description (adaptable to a brochure, flyer, ad or web page) and targeting it to h most likely group of buyers. How do you do that? Come back next month and see!