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## **Are You Being Set Up?**

A recent Los Angeles Times article reported the phenomena of real estate agents using overpriced “setup” homes to help them sell other properties. A setup property is a house listed with an unrealistically high asking price that pulls in lots of visits by agents and shoppers, but no real offers. The high asking price usually results from a seller who is reluctant to acknowledge today’s pricing conditions.

The “setup” house is the foil, the house that agents show clients to make other, more realistically priced listings look better. For example: If two very similar homes are near each other, with one priced at \$450,000, and the other at \$600,000, the higher-priced home is often shown first. Then the real estate agent says, “If you like this home at \$600,000, you are going to love the home down the street at \$450,000.

This is an example of the “contrast effect.” If you can control what your opponent compares something to, you can influence what he or she thinks of it. Negotiators use this strategy by making high opening demands (and low first offers). After a high opening demand is rejected, a subsequent demand that is almost as high may appear to be a reasonable compromise.

This strategy is also used when one side has two negotiators who play different roles. Similar to the good cop/bad cop routine, two lawyers for the same side pretend to have an internal dispute about their position; one takes the hard line, offering almost no compromise, while the other appears to desire to make small concessions, and occasionally he prevails. Negotiators facing such a team may grasp at the marginal concessions because they seem substantial in relation to the position of the hard-liner.

Remember the powerful effect of contrast in your negotiations, and you may reset your opponent’s view to see things your way.