
Real Estate Negotiations: A Value Win-Win Approach



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A comprehensive framework for achieving long-term success in the industry.

Be it making deals for multimillion-dollar penthouses, corporate office suites or cosy suburban homes, negotiations often involve multiple stakeholders, long-term engagements and high stakes. This requires professionals to navigate incompatible interests in a conflict-prone environment.

In the [first part](#) of our practice briefing published in the *Journal of Property Investment & Finance*, we elaborated on the industry's [challenges](#) and made a case for professionals to depart from entrenched win-lose strategies and embrace more ethical and collaborative negotiation approaches. Our [follow-up paper](#) goes from strategy to implementation, providing practical advice on how real estate professionals can adopt the value win-win strategy – a positive (though not naive) approach designed to maximise rewards at minimum risk.

Get into a value win-win mindset

How can real estate professionals embrace the value win-win mindset and become positive, not naive negotiators? First, reject win-lose or naive win-win strategies. Instead, use the value win-win approach, which is a balancing act of reducing risks while increasing rewards.

Second, let go of the illusion of control. Accept the reality that sometimes, there is no deal that works for all sides or fully achieves your objectives. Focus instead on what you can control: your deliberate choices that will get better with time, practice and reflection.

Third, appreciate that value is much more than price and that the negotiation is not just about the asset in question. For instance, negotiators can leverage the business elements around an asset (e.g. getting a deal done quickly, optimising its tax structure or minimising transaction costs), which can change the value equation significantly.

Finally, remember not to pursue value win-win negotiations just to be pleasant. These strategies are not supposed to be nice and naive but can be rather self-serving and sceptical. The real value in this approach is that it lowers your counterparty's resistance, which, on average, is the most effective way to achieve a favourable outcome for yourself.

Build good relationships and communication

Strong relationships and communication are the bedrock of a successful negotiation. Imbalanced, power-based relationships or poor communication processes can greatly hurt your chances of striking a favourable deal. Value win-win negotiators promote a respectful and mature relationship from the jump. This paves the way for productive interactions that are independent of power and more conducive to building trust. While power dynamics cannot be completely eliminated, they are set aside in negotiations.

In a similar vein, emotional awareness – both of oneself and others – is a key skill to develop. Emotions are the thermometers of a negotiation. The moment you perceive a disruption to the emotional tone of an exchange, it's best to stop talking money and prioritise addressing the issue and its cause.

Value win-win strategies rely heavily on good communication. When intentions aren't accurately shared or understood, it creates a disconnect that often results in miscommunication, confusion or even conflict. Creating an environment where all parties listen respectfully, feel understood and

don't take advantage of each other minimises obstacles to communication. Good win-win communication also reduces the risk that your collaborative attempts will be misunderstood as weakness or desperation. When negotiators trust each other and have clear and open exchanges, they tend to have fewer unresolved conflicts and share more information that promotes innovation and value creation. In other words, they increase rewards while reducing risks.

Consider the circle of value

Once the aforementioned pillars are in place, value win-win negotiators focus on the substance of the deal as they try to expand the pie as much as possible. This usually involves promoting a careful exchange of interests – of those at the negotiation table, as well as interested and influential parties behind the scenes – so that everyone has a full picture of the wants, needs, desires, fears and concerns under negotiation.

After negotiators have a broad grasp of these interests, they can proceed to craft mutual gain options or option bundles. Some options will not be good for all. In such cases, negotiators can bundle them, even if the options are unrelated, in a value exchange where both parties stand to gain.

Legitimacy – or an explanation or argument of why certain options make more sense than others – is also crucial. In price negotiations, it enhances the odds that parties will find a number they can justify to themselves and their constituents. Besides being objectively calculated, this figure should be externally produced or replicated, with a process that's neutral towards either party. Even if your counterparty rejects an offer, proactive legitimacy-sharing shows that you weren't trying to take advantage of them, which makes them less likely to react negatively to an offer or derail the negotiation.

Make the best possible decision

Once the parties determine the options that satisfy their interests and are legitimate from all sides' perspectives, they are probably ready to commit to a deal. At this stage, the best practice is to avoid committing early, unilaterally and before clarifying the implementation.

Value win-win negotiators seek to commit early only to relationship and process issues but will commit late to any issues of substance or value. A

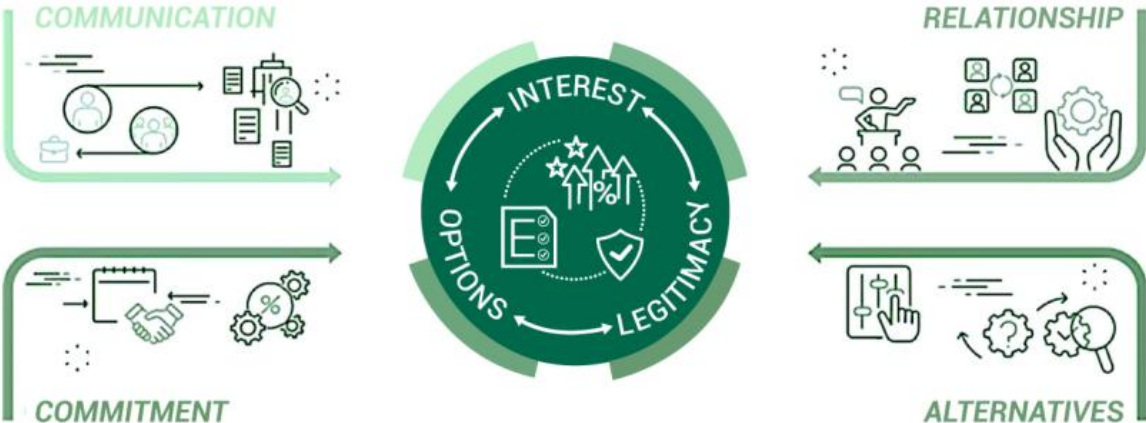
main reason for caution is to learn diverse interests and explore as many options as possible, as well as discuss the available legitimacy until there is clarity on what commitment truly means.

In making the best possible decision, commit to an option only if its value is superior to your alternatives. If attempts to improve the options on the table still do not lead to one that is superior to your BATNA (best alternative to a negotiated agreement), then the advice is to walk away – even if as a strategy of last resort.

Be prepared

It’s crucial to have the presence of mind and the courage to perform the above behaviours and choices at the right time, while minimising slips that may trigger stress-induced responses and win-lose power plays, or naive

Value Negotiation Framework



Thinking through these elements prepares negotiators and their teams to tackle both risks and opportunities as they surface. It reduces the need for risky improvisation and second-guessing one’s decision-making, thus increasing one’s confidence and quality of choices.

Here are several questions to help you prepare for your next negotiation:

1. *Power*: What is our power difference? Which levers give me an advantage over my counterparty, and vice versa? How likely is my counterparty to pull such levers during the negotiation, or even after a deal is signed?

2. *Relationship*: Who are the parties involved? Do we have a positive or negative history? What are our perceptions of each other? How do I create a productive negotiation environment given the current relationship context? How can I proactively promote trust without falling into a naive win-win pattern?

3. *Interests*: What do I, my constituents and my counterparties want, need, desire and fear? What concerns us and what do each of us not want or care about? Which other parties are involved or impacted by this deal? What are their interests?

4. *Options*: What options can we put together in this negotiation process? What trades can we make that will allocate value according to our respective preferences? What options could satisfy both sides?

5. *Legitimacy*: What criteria would an independent third party use to value these negotiation options, apart from my preferred ones? Do I feel treated unfairly? What specific factual issues need to be clarified and are there standards for this?

6. *Alternatives*: Must I reach an agreement? What will I do if we can't agree? What is my BATNA? What do I assume to be their BATNA? How willing am I to walk away? What about them?

7. *Commitment*: What is my mandate and authority to commit, and does it need clarifying or changes before I engage my counterparty? How often do I need to keep my constituents informed of my progress? What commitments should I strive for or make? What authority does my counterparty have? What do steps towards a binding agreement look like?

8. *Communication*: How will I open the negotiation? What are the core messages I want to communicate and how will I frame them? What are the things I do not know and would like to learn? What is my list of questions to ask at different moments in the negotiation? What do I not want to say at this stage, and why am I concerned about sharing this information?

Use these questions as building blocks for your value win-win strategy, with the flexibility to rearrange them as you learn more during the negotiation

process. However, remember that no amount of preparation can predict or control the future. Negotiations can take so many different turns that it's useless to script them.

The value win-win negotiation approach is a proven way for real estate professionals to increase their success. Becoming a **better negotiator** is just like learning any skill – study the best applicable science, then practice the framework frequently. Develop a mindful approach and seek opportunities for deliberate practice, so that you learn something from every negotiation. Before you realise, it will become second nature.

Find article at

<https://knowledge.insead.edu/strategy/real-estate-negotiations-value-win-win-approach>

About the author(s)

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About the research

"**Practice Briefing: A comprehensive negotiation framework for real estate professionals (Part II)**" is published in *Journal of Property Investment & Finance*.