



Strategic Negotiation in Real Estate Transactions: Brazilian Case

Iara dos Santos Lago

Fundação Getulio Vargas, Brazil.

Natasha Goulart do Amaral

Fundação Getulio Vargas, Brazil.

Murillo de Oliveira Dias

Fundação Getulio Vargas, Brazil.

Corresponding author: agenda.murillo@gmail.com

Abstract

The article demonstrates a real estate business negotiation in Brazil. The case highlights how crucial strategic negotiation is when aligning their expectations and interests, like anchoring and counterproposals. The negotiation displays the significance of negotiation and planning skills, and understanding the underlying interests of the opposing side is of utmost relevance. The analysis provides insight into the dynamic character of negotiation, focusing on preparation, imagination, and effective communication to achieve mutually satisfactory results for both sides. This study provides insight into negotiation techniques and their usage in real environments, i.e., real estate transactions.

Keywords:

Business negotiation; Type II negotiation; Real estate

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1. INTRODUCTION

This article presents a real estate negotiation, introducing a descriptive case study in which the unit of analysis involves selling a property in *Caraguatatuba*, on the north coast of São Paulo state, southeastern Brazil. The sale was motivated by the dissolution of a marital union,



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resulting in the decision to dispose of an asset that generates revenue through vacation rentals. The property, located 900 meters from *Massaguaçu* beach, comprises five furnished apartments, a common area with a swimming pool and barbecue, and five parking spaces. The venture has had a loyal clientele for over 15 years, with a consolidated presence on platforms such as Booking and Airbnb and its website. The real names and identities were omitted for compliance and ethical purposes.

Negotiation is a "process of communication by which two or more parties seek to advance their interests or those of the persons they represent through an agreement on the desired future action" (Salacuse, 2003, p. 11). The broad area of study attracts scholars' attention (Dias, 2023; Dias, 2023a; Dias, 2023b; Dias et al., 2023; Fisher, Ury & Patton, 1981; Kissinger, 1969; Lax & Sebenius, 1986; Navarro & Dias, 2024; Pruitt, 1981; Raiffa, Richardson & Metcalfe, 2002; Rubin & Brown, 1975; Santos & Dias, 2024). Negotiation has also been studied across time in different ways, such as (i) M&A negotiations (Vidaletti, Ferreira, & Dias, 2025). (ii) civil construction negotiations (Dias, Toledo, Silva, Santos et al., 2022; Dias, Pires et al., 2022; Dias, Almeida, Silva, Russo, et al., 2022; Scheuer & Dias, 2025; Smejoff, Zornitta & Dias, 2025; (iii) real estate negotiations (Soliva & Dias, 2025); (iv) Family business negotiations (Moura & Dias, 2025); (v) IT contract negotiations (Valle, Trindade & Dias, 2025; Delgado & Dias, 2025); (vi) streaming video negotiations (Gasparini, Vieira & Dias, 2025); (vi) conflict management (Zartman, 1988); (vii) process of communication between parties (Acuff, 1993; Salacuse, 2003, 2006; Shell, 2006), (viii) negotiation as social interaction (Dias, 2016; Schatzki & Coffey, 1981); (ix) retail business negotiations (Dias, 2023; Dias, Lafraia, Schmitz et al., 2024; Dias, Leitão, Batista & Medeiros, 2022; Dias, Pereira, Teles & Lafraia, 2023; Dias, Pereira, Vieira, et al., 2023; Dias, Toledo, Silva, et al., 2022; Santos & Dias, 2024; Valente & Dias, 2023); (x) negotiation and decision-making process (Bazerman & Moore, 1994);(xi) government negotiations (Navarro & Dias, 2024); (xii) judicial negotiations (Panzarini & Dias, 2025); (xiii) contract negotiations (Cunha & Dias, 2021; Dias, Nascimento et al., 2021), for example. This investigation employs the Four Type Negotiation Matrix (Dias, 2020) to represent the negotiation category, displayed in Figure 1:



Figure 1 The Four-Type Negotiation Matrix
Source: Dias, 2020. Reprinted under permission.

2. METHODOLOGY

This work followed Saunders, Lewis, and Thornhill's (2009) inductive method with interpretive philosophy. Inspired by Yin (2004), we investigated one civil construction negotiation between two parties to negotiate the selling of a property in Brazil as the unit of analysis (Yin, 2004), reinforced with direct participation of one of the authors.

3. BACKGROUND AND INITIAL OFFER

The case describes the selling a vacation rental property in *Caraguatatuba*, southeastern Brazil, due to the dissolution of a marital union. The property, with five furnished apartments, a swimming pool, and parking, has a loyal clientele for over 15 years. The amount requested for the sale was stipulated at \$375,000, which reflects not only the physical infrastructure but also the potential for revenue generation, which is around \$35,000 annually. The negotiation involved strategies to value the asset and attempts to align the seller's expectations with the conditions offered by the potential buyer. The negotiation began when the Hotel (buyer), upon identifying the property as an opportunity to expand its network, made an initial proposal of \$375,000, proposing the acquisition of a "closed gate" — including furniture, customer portfolio, website, and active contracts. Faced with this offer, the seller, aware of the appreciation of the business and the perception that the hotel's interest was motivated by the fear of competition, responded with a counterproposal of \$420,000, including furniture, the website, and the customer portfolio from the negotiation.

5. COUNTEROFFER: BUDGET LIMITATION

In response, the Hotel (buyer) made a new proposal of \$402,000, maintaining the closed-door model, with the following payment conditions:

- Entry of \$179,000 at the signing of the contract;
- Balance of \$224,000 in installments up to 12 months, adjusted by the IPCA, Brazilian federal index;
- Possibility of anticipation through discount;
- Guarantees: penalty clause in case of default, payment by promissory notes or real estate guarantee.

The seller., maintaining her strategic stance, presented a new counterproposal:

- Amount of \$420,000 for the property with a closed door;
- Entry of R\$ 1,200,000.00 (one million and two hundred thousand reais) at the signing of the contract;
- Balance of \$211,000 in installments up to 10 months, adjusted by the IPCA;
- Possibility of anticipation through discount;

- Guarantees: penalty clause for default and payment guaranteed by promissory notes or real estate guarantee.

During the process, both parties demonstrated flexibility regarding payment methods and guarantees, highlighting the importance of aligning expectations and interests to create an environment conducive to closing the deal.

6. CLOSING THE DEAL

The case clearly shows the existence of a Zone of Possible Agreement (ZOPA), delimited between the minimum value proposed by the buyer, \$215,000, and the maximum value stipulated by the seller, namely \$447,000. This zone represents the range where a mutually beneficial agreement could be reached. The ZOPA is not fixed and may move throughout the negotiations, depending on the concessions made by both parties. The seller Best No-Agreement Alternative (BATNA) consisted of keeping the property under her management, exploring the expansion of the customer portfolio, and investing in new rental strategies, such as partnerships with tourism agencies or promotional packages for different seasons. On the other hand, the BATNA of the Hotel (buyer) involved pursuing other acquisition opportunities in the region. However, this alternative did not offer the immediate advantage of eliminating a potential competitor.

Another relevant aspect was the use of the anchor. The Hotel (buyer) launched the first offer at \$375,000, trying to establish a more favorable starting point. However, the seller, by responding with a higher value and conditioning the inclusion or not of elements such as furniture and customer portfolio, managed to shift this anchor to a level closer to the value she considered fair. This strategy prevented the negotiation from being stuck at a disadvantageous starting point. An interesting point to highlight is the difference between options and alternatives. During the negotiations, the inclusion of the furniture, the website, and the client portfolio was treated as an option within the negotiation table, while the possibility of the seller keeping the property or the Hotel (buyer) seeking other properties represented alternatives external to the agreement.

7. LESSONS LEARNED

The main lesson so far is the relevance of entering a negotiation well prepared, knowing the BATNA, and mapping out the ZOPA. Another important reflection is the need to go beyond figures and understand the opponent's underlying motivations, such as emotional or strategic factors. In the future, it would be interesting to explore even more alternatives (BATNA), such as partnership or lease proposals, expanding the range of possibilities, and strengthening them. The seller's bargaining power. Another suggestion would be to invest in persuasion strategies, using objective criteria to justify values and conditions, making the proposals more convincing.

This case reinforces that a successful negotiation is not about the final value, but the strategy behind each move. The balance between firmness and flexibility, added to technical knowledge, is essential to achieve satisfactory results for both parties.

8. IMPLICATIONS AND DISCUSSION

The implications of this negotiation underline the requirement of strategic negotiation in real estate transactions by stressing the need for parties to know their Zone of Possible Agreement (ZOPA) and Best No-Agreement Alternative (BATNA). Good negotiating calls for technical expertise, flexibility, and inventiveness to match interests and expectations. The story also emphasizes the need to know the other side's fundamental reasons and use strategies like anchoring and counterproposals to reach mutually beneficial conclusions. The case shows that effective negotiation generates value for both sides through thorough awareness of their interests and requirements, not just about getting an agreement.

There are also some implications in broad areas of research, such as (a) real estate negotiations (Dias, 2021; Dias & Lopes, 2020; Dias & Lopes, 2021; Dias & Navarro, 2020; Dias, Lopes & Duzert, 2020; Dias, Lopes & Teles, 2020; Sartori et al., 2020); (b) business negotiations (Dias, Lopes, Cavalcanti & Golfetto, 2020; Dias & Silva, 2021; Dias, Netto, Oliveira et al., 2021; Dias, Andrade, Sotoriva, et al., 2021; Dias & Lopes, 2021); (c) role-play business simulations (Dias, Waltz & Oliveira, 2021; Dias, 2020a; Dias, 2020b; Dias, 2020c; Dias, Duzert & Lopes, 2021), for instance.

9. CONCLUSION

In conclusion, the analysis of this case demonstrates how the application of the concepts of negotiation—ZOPA, BATNA, anchor, options, and alternatives—is fundamental to guiding the parties in search of a balanced agreement. The seller's stance reinforces the importance of knowing the real value of the asset traded and understanding the hidden interests of the other party, such as the fear of competition perceived in the buyer's behavior. Another relevant point is flexibility during the process. Although each party presented firm proposals, there was room for counterproposals, showing that negotiation is dynamic and requires skills to identify opportunities for mutual gain.

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