

How To Price Your Offer

A real estate transaction is far more complicated than most purchases you will ever make.

There is tons of paperwork, lots of contingencies, and large sums of money changing hands.

Purchasing a home is usually the biggest transaction most people are involved in. We've analyzed the purchase contract in a previous document so let's take a closer look at one of the fine points – deciding on the price you will offer.

First, it's important to understand how both you and the seller are looking at things.

Buyers want to pay the lowest possible amount and have flexible terms for items like earnest money deposits, mortgage commitments, and closing dates.

Sellers want as much money for the property as possible with few contingencies and a quick timeline.

It's not an easy process for either party but can be a smooth one if you prepare in advance.

Bidding below the asking price is common in a buyers market, a market where there are more sellers than buyers. You should be careful not to bid too low but you can sweeten a lower offer by offering the seller a quick closing and a large earnest money deposit. Or you may forgo demands in other areas.

Another situation that can occur is if a seller is getting frustrated with a negotiation, they may ask you to submit your highest and best offer, making it a take it or leave it situation – there won't be a counter offer. Make sure you are 100 percent sure you want this home before going out on a limb.

In a sellers market, a market with more buyers than sellers, it's not unusual to see homes receiving full price offers. If you think the home is worth it, offer to pay the asking price. Another buyer could show up minutes later eager to pay full price sending you back to search for another home.

Entering into a bidding war with other buyers can be very stressful. There can be no communication regarding price between real estate agents, so you are blindly competing for the property. You may end up paying a lot more than you planned. Instead you could stay out of these situations. It may be that your competitors for the home decide the same thing and you may have another opportunity to buy the home at a more reasonable price.

Negotiating the price on a home can be challenging. You can rely on my years of experience and that I've learned the in's and out's of this type of negotiating. It's all about communication and strategy.

Please call if you have any questions.

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