

Tips on the art of home purchase offers

Low price doesn't always win in slow market

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Home buyers now have more negotiating power than they have had in years. However, that doesn't necessarily make it easier to decide how much to offer.

The goal is to buy the property at the best price and on the best terms. But, you don't necessarily get there by offering a very low price.

One agent was ushered to the front door when he presented an offer for a buyer who thought there was no harm offering way less than the asking price. The seller was insulted by the buyer's very low offer. After much encouragement by his listing agent, the seller finally issued a counteroffer. But the episode didn't sit well with the seller who was less than cooperative throughout the transaction.

Another seller who received a very low offer debated long and hard about whether to counter the offer at all. He was inclined to reject the offer and tell the buyers to make another offer if they really wanted the house. He ended up countering at a price that was close to the asking price to send the message to the buyer that he wasn't giving his house away.

Some buyers, particularly in the current market, don't want to make an initial offer that's close to the top price they're willing or able to pay. They feel that if they do so, they'll have little room to bargain.

You don't necessarily need a lot of bargaining leeway to strike a deal. If you start off with a price that is relatively close to the list price, you can stand firm or counter back at your best price along with a take-it-or-leave-it message. Just as a seller can decide not to sell if the price is too low, buyers can decide not to buy unless the price is right.

HOUSE HUNTING TIP: Ultimately, your decision about what price to offer should be based on a careful analysis of your own financial situation. Other considerations are how well the house is priced for the market, current market conditions and anything

you can learn about the seller's motivation level.

In some markets, there's a wide range of pricing strategies. Sellers who understand the current market and who want their listing to sell within months and not years, price competitively. Other sellers with unrealistic expectations over price their homes, thinking their property has appreciation more than it has. In most areas, appreciation is flat at best compared to a year ago.

Study the market carefully by looking at any listing that might suit your needs. Keep track of what these listings sell for so that you'll be able to determine if a home is priced right or is overpriced for the market.

Even in the current market, there are times when the right offer price might be more than the list price. Buyers recently paid over the asking price on a well priced listing. The seller, who had already bought another property, listed her home for \$35,000 less than the more recent comparable sale in the neighborhood. The buyers recognized a good deal and offered to pay \$10,000 more than the list price so that the seller would sell to them and not keep the listing on the market until more offers showed up.

The seller had hoped that her competitive price would generate multiple offers and a higher price. But she was sufficiently intrigued by the over-asking price offer that she accepted it.

THE CLOSING: Your offer should be good enough price wise to catch the seller's attention. But, it shouldn't be for more than you can afford, and it should be justifiable given current market conditions.

Dian Hymer is author of "House Hunting, The Take-Along Workbook for Home Buyers" and "Starting Out, The Complete Home Buyer's Guide," Chronicle Books.

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