

How to Set an Offer Price



There is no set equation to determine how you'll reach an offer price. Rather, the process involves a range of research and comparison that will vary with each situation. You'll need to look at sales of comparable properties, and factor in additional data such as the condition of the property, the current market, and seller circumstances. With this information in hand, you will be able to determine a fair price range and, from there, establish the price you're willing to offer.

Concentrate on the following areas to help you determine an offer price:

Comparable Sales

- Compare prices of homes that are similar to the property you're considering in the following areas: number of bedrooms and bathrooms, square footage, lot size, type of construction, and garage space.
- The most comprehensive and in-depth information can be accessed through the Multiple Listing Service® (MLS®). Your REALTOR®, who will be working closely with you to set your offer price, can help you navigate this service.

Property Condition

- Observe how the property compares to the rest of the neighbourhood. Is it average, above average, or below average?
- Look at structural condition: walls, ceilings, windows, floors, doors.
- Pay close attention to: bathrooms, bedrooms, condition of plumbing and electricity.
- Also check the fixtures: light switches, doorknobs, drawer handles, etc.
- What is the condition of the front and back yards?

Home Improvements

- Cosmetic changes can be largely ignored, but any major improvements should be considered.
- Take special note of: room additions (especially bedrooms and bathrooms).
- Items such as swimming pools may be taken into account but usually won't affect your offer. Your REALTOR® can offer you guidance in these matters.

How to Set an Offer Price



Market Conditions

Seller's Market

A seller's market is considered a "hot" market. This type of market is created when demand is greater than supply - that is, when the number of buyers exceeds the number of homes on the market. As a result, these homes usually sell very quickly, and there are often multiple offers. Many homes will sell above the asking price.

Buyer's Market

A buyer's market is a slower market. This type of market occurs when supply is greater than demand - the number of homes exceeding the number of buyers. Properties are more likely to stay on the market for a longer period. Fewer offers will come in, and with less frequency. Prices may even decline during this period. Buyers will have more selection and flexibility in terms of negotiating toward a lower price. Even if your initial offered price is too low, sellers will be more likely to come back with a counter-offer.


Balanced Market

In a balanced market, the number of homes for sale matches the number of buyers. Prices remain stable, and properties typically sell within a reasonable time. Buyers have plenty of choice, and sellers may face varying levels of competition, sometimes multiple offers, sometimes none. There's no set rule for whether buyers should offer at the high or low end of their price range in these conditions.

Comparable sales help you determine a realistic price range for the home you want. Considering the other factors discussed will help you decide whether a fair price falls near the high, low, or middle of that range. Choose a number you'll be satisfied with after negotiations conclude. Many buyers start the process by offering below their "fair" price to leave room for negotiation.



Work with Us

 bosgrouprealty@gmail.com

View our current listings at
www.bosgroup.ca