



Buying & Selling Tips

# Home Buyer's Guide: How to Write a Winning Offer

Finding your dream home is only half the battle. Learn how to get the keys.

By Kara Kurylłowicz October 3, 2019

*REW is committed to making your home buying and selling process as clear and easy as possible. In this guide you'll find tips and knowledge to make more informed decisions, starting with what goes into a winning offer.*

*It finally happened. You found the home that has everything that matters to you and your family. The amenities, the location, the style - it's all lining up beautifully.*

*But there's a step in the home buying process before you get the keys that some people overlook: How do you make the right offer to actually get the property? Here are some tips to point you in the right direction and give you an advantage when it comes to putting together a winning offer.*

## Make Sure you're Pre-Approved for a Mortgage

First things first: Before anything else, you need to have your finances in line. Getting pre-approved for a mortgage is a key part of showing sellers that you're serious and ready. You can read all about the differences between mortgage pre-qualifying, pre-approval and approval in this REW article, (<https://www.rew.ca/news/mortgage-pre-qualification-vs-pre-approval-vs-mortgage-approval>) but when it comes to making an offer, you'll want to be at least pre-approved. Pre-approval is a necessary step in the home buying process anyway, but if you do it before you make an offer it can make it much easier for a buyer to negotiate with a seller. At the very worst, getting your mortgage situation squared away is a clear indicator to the seller that you're serious. Trust us: Pre-approval will only make your life easier.

# How to Make a Great Offer on a Home

“90% of sellers will take the highest offer but occasionally, sellers are interested in closing dates and other conditions that meet their specific needs, which can include selling to a family that’s really fallen in love with their homes,” says Christopher Alexander, Executive Vice President and Regional Director, RE/MAX of Ontario-Atlantic Canada, Mississauga, Ont.

Sure, the price may be the most crucial point. But there are a few other things that can strengthen your approach. Here’s how to create an attractive offer that’s based around more than just money.

## 1. Offer a Shorter (or Longer) Closing Date

Sellers have their own timetable, and the easier you make it for them, the higher the chances of you sealing the deal. If you’re able to accept their plans and fit neatly into their schedule, it’s an extra point for you.

## 2. Rent Back or Free-Rent Back

Flexible on your move-in date? Offer some time after the closing day for the sellers to settle things up and/or move out at a later date either free of charge or for a lower “rent fee” that you can negotiate together. Sometimes this gives the seller a bit of extra leeway on moving out of their home.

## 3. Offer a Larger Down Payment

Price isn’t the only factor that can greatly impact a decision. If the seller has a slightly lower offer on the table, but with a higher percentage of the payment upfront, they might be inclined to take it. If you’ve been saving aggressively or just happen to have the resources to make an offer with a larger down payment, you might be able to nudge the seller in your direction.

## 4. Fewer Subjects

Keep in mind that the fewer subjects (<https://www.rew.ca/news/faqs-what-you-need-to-know-about-subject-removal-1.23124121>) you have, the better the chance of getting your offer accepted. Broadly, subjects are terms and conditions added to your offer that need to be met in a certain number of days (typically seven) or the deal will be rendered null and void.

If the market is hot, sellers typically have more leverage and can accept fewer subjects. To make your offer more attractive you can remove certain subjects previous to writing an offer. In a sense, you’re losing a bit of added protection on your side of the deal, but you’re also showing the seller that you’re diligently trying to take care of subjects in advance and not put too many conditions on a sale, giving you a better chance of moving forward.

# How to Make a Home Offer in a Slower Market

Slow sales can make for a dream situation for buyers. You really can take more time in a slower market, where the supply/demand situation lets you take a few more days to do your research and put together the offer. You may also be able to offer a little less and include more conditions, such as home inspections and access to permits for all renovations.

“Always obtain the permits and get a home inspection because if you don’t, you’re buying potential risk,” says Alexander. “A good listing agent encourages sellers to have home inspection reports and all permits on hand for prospects. If the sellers’ agents don’t present or offer it – ask!”

# A Hot Housing Market Offer

In a hot market, chances are you'll have to offer more than list price to win the home - but only you can decide what that house is worth to your family. Are you willing to spend more to live in this specific house 365 days a year for the next five to seven years, even if it means forgoing a vacation or replacing a vehicle?

Alexander suggests asking yourself these questions:

- If I offer \$X and lose the property, will I wish I'd upped my offer?
- I offered 3% over asking price and I know I over-paid. Do I regret the purchase or is my family really happy in this house in this neighbourhood?

"In a hot market, the home will likely appreciate over the next year or so and be worth close to what you overpaid for it," says Alexander. "If the market suddenly declines, it's worth the former list price or a little less, but you got the house you wanted for your family and in time, you'll get that value back."

## Other Factors for Buyers to Consider

### Location

Re/Max's 2019 Liveability Report discovered that 60% of Canadians put easy access to shopping, dining and green spaces at the top of their liveability criteria. Proximity to public transit (36%), work (30%) and to preferred schools (18%), as well as cultural and community centres (18%) also ranked among the top wants and expectations. If you're putting together an offer for a home in a premium location, be prepared to strengthen your offer.

### Home Amenities

Like location, what's already inside of a home can play a big role in determining your offer. "Of course, the degree to which a home meets your liveability criteria will affect overall demand and subsequently the value to the average consumer," says Alexander. "Be aware of the home's mass appeal in addition to how well it meets your unique liveability standards and really think about what matters to your family when developing your offer."

## An Offer Questionnaire

Before deciding on a number, what subjects you feel comfortable including (or removing) and anything else, always ask yourself these simple questions:

- How long ago did the seller buy the property and how much money did they pay for it?
- Does this home have the space you need? Kitchen? Bedrooms? Bathrooms?
- Does the home have unique features that you'd miss in another property?
- How much money would you need to spend renovating?
- Is a similar home available for less slightly further away?
- Are there any plans for future development in the neighborhood?
- Did comparable homes in this neighbourhood sell for a similar price?
- How many days has this home been on the market?

## Learn What's Motivating the Seller

Take the time to investigate and try to learn more about the seller. Specifically, learn a bit about why they want to sell their property now. If it's time sensitive, you might be able to adjust your offer to meet their needs. Some of their reasons could be:

- Downsizing
- Growing Family
- Moving away
- The value of the property increased exponentially since their purchase.

As Alexander explains it, most Canadians move every five to seven years, the same amount of time it typically takes to see a return on their real estate investments. If this property will be your family's home for the foreseeable future, and you know it's exactly what you need, the return on the investment doesn't have to be at the top of your priority list. Being happy with your home is its own reward.

## Buying Timelines Vary Market to Market

Knowing if it's a buyer's or seller's market (<https://www.rew.ca/news/how-to-tell-if-it-s-a-buyer-s-market-1.1342289>) helps you understand the approach you should take so that you can make the right offer. If it's a seller's market, and/or the area is hot right now, don't be afraid to go slightly over the asking price (as long as it fits your budget) to give you better chances of closing the deal.

In the case of a slower market, buyer's are likely at an advantage. Before you write your offer, make sure to ask your agent if there are other offers coming in. On top of that, ask how many disclosure packages have been sent - this can often mean that there are other serious buyers in the mix.

Many times sellers will set an offer date - the day and time that all offers are due. If you're willing to wait, your agent should ask the selling agent how many offers are coming in on this particular day. This way, you'll know if you can go a bit under without hurting your chances. Across Canada, market conditions vary widely city to city so the timelines will vary - the greater the demand and the more limited the supply, the more quickly you'll have to do your homework and put your offer together. And in a true seller's market where demand consistently outpaces supply, buyers must accept the fact their negotiating power may be limited to non-existent.

## Stay Grounded

"As best you can, take the emotion out of it - be practical, be realistic and look at what your family needs to live comfortably," says Alexander. "Buy the home you need and can afford and take comfort in the fact that historically, Canada's real estate tends to appreciate over the long term."

Make sure your offer reflects market conditions and comparables in this specific neighbourhood in this town or city. Your realtor will look at local inventory levels and remind you that the actual selling price matters far more than the list price. You'll also pay attention to the days on the market which provides some insight as to the interest in this property and demand for it. As importantly, your realtor can look at how much that property sold for most recently, look at neighbourhood comparables and assess this and neighbouring properties' sales histories.

"Your realtor has access to the hard data you need to make a fair and competitive offer," says Alexander.

## Don't Get Discouraged

Although there are several things you can do to increase your chances of getting the house of your dreams, there's no way to guarantee that it will happen for sure. Various factors can influence a seller's decision - there's no magical way to know, and sometimes it's just not meant to be.

Remember that it's a process, and even though it can be stressful, landing the right home is ultimately worth it. Try not to get discouraged. Take it all in as experience and apply your knowledge on your next move, because the right home is just around the corner.