



7

Tips For Buying a Home in a Seller's Market





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Buying a home in 2021 has definitely changed because of the pandemic. Record-low mortgages coupled with a shortage of available homes and the high number of aspiring homebuyers have transformed the housing market into a highly competitive seller's market.

The stress of looking for a home within budget and winning the bid for it has caused many homebuyers to give up. But before you lose hope, there are still many ways to be successful in purchasing a house in this type of market. Read these seven tips to find out how to beat the competition and to successfully buy the house of your dreams.

What's a Seller's Market?

A seller's market is a condition where the demand for properties in an area is more than the available supply. In this type of real estate market, it is the buyers who need to prepare for competition, giving the sellers the power to dictate terms and prices.

1

START LOOKING EARLY

Buying a home in a seller's market can be challenging as there aren't many options to choose from. Having lesser options doesn't mean that you can postpone it and work on it in a shorter time later. It is still best to start looking early. Since there aren't many options, you will need to allot more time because there are more competitors. There is no guarantee that your offer will be immediately accepted by the seller.

CHECK ALL OPTIONS IN YOUR DESIRED AREA

2

Don't get fixated on one property. There is a high chance that someone might outbid you on a property, so it's best to have other options. Check all options in your desired area. This is also for you to know how to make the right bid. In a seller's market, the listing price is usually low as sellers would want to obtain multiple offers and start a bidding war. Hence, they will end up selling the property at a higher price. Ask your real estate agent about the sale price of similar properties in the area. This will let you be familiarized with the market, know which properties and features are worth your money, and help you make the right offer.

GET PRE-APPROVED

3

Make sure you have your financing in order before you start with the homebuying process. Get pre-approved by your lender as it can give you a lot of benefits in your homebuying journey. With a pre-approved mortgage, sellers will more likely to accept your offer because they know that your finances have been verified by a lender and you are capable of financing the property. Aside from showing that you are a credible buyer, this will make you look like a serious buyer because you took the time and effort to obtain pre-approval.

4 SECURE YOUR MONEY FOR THE DOWN PAYMENT

Searching for a home may take some time. While waiting for the time to find the perfect home and finally get your offer, it can be tempting to invest the money you are saving to let it grow. However, this can put your homebuying at risk. Once your offer gets accepted, you need to immediately prepare the downpayment. In case your offer gets accepted during a time when the market is down, you will be forced to sell your investments at a loss and get less money for your downpayment. If you are actively looking for a home, it would be best to secure the money for your downpayment.

5

MAKE A COMPETITIVE OFFER

When making an offer in a seller's market, you need to come up with a good offer without conditions to stand out from the competition. If you put terms and conditions in your offer, there's a low chance that a seller would choose you if there are other buyers who are willing to buy the property without any conditions.

However, you still need to be wary and look at the house's repair history carefully. Some sellers might not have conducted a home inspection and you might need to do it on your own. As a home buyer, you still need to be cautious of hidden damages as it might cost you additional money if you find out later on that the house needs expensive repairs.

BE OPEN TO COMPROMISES

6

During the negotiation process, you'll have a greater chance of closing a deal when you are willing to make compromises. Decide on your non-negotiables and think about the terms that you are willing to let go. When you reach an agreement with the seller, you'll be able to have a smoother closing process and you'll be able to move in faster.

7

GET A GOOD REAL ESTATE AGENT

Having a good real estate agent by your side can help you have a smoother and more stress-free home buying process. A good real estate agent like Erick has a widely connected network and can provide insights on neighborhoods and properties that you are looking at. Your real estate agent should also help you do the legwork - looking for houses, doing the paperwork, and should even be able to help you negotiate and close the best deal.

HOW TO MAKE THE BEST OFFER IN A SELLER'S MARKET

- 1 Make an offer in cash, if you can. Paying in cash will expedite the sale which will most likely be preferred by home sellers. This is a good strategy if you do not need a lender to finance your property purchase.
- 2 Offer more earnest money to show the seller that you are a serious buyer.
- 3 Include an escalation clause with a predetermined amount.
- 4 Don't be strict about the timeline.
- 5 Be willing to make compromises.

Finding the perfect home requires a lot of time and effort. What more if you are buying a home during a seller's market? You will definitely face more challenges as you will be competing against more buyers. But once you find the best home and finally get your offer accepted, it will be most rewarding. Follow this guide to help you be more competitive when buying a home in a seller's market.