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4 Myths About Making Low Offers That Could Hurt You

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Whether you're a first-time buyer or home-buying is old hat to you, making an offer is a complicated process. There's the legal jargon, the necessary [contingencies](#), and of course the offer amount. You want a deal, of course, but just how low of an offer is too low? You don't want to insult the sellers, right?

Let's clear up all misconceptions right here and now – there is no offer too low (assuming you are a reasonable buyer for the home of course). Of course we're not talking about taking a \$500,000 budget to a million dollar home, but if you're shopping in your target price

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range and you are a serious buyer – go ahead, make the seller an offer, because these are the 4 biggest myths about making low offers:

The First Offer Is The Final Offer

As a buyer, when you make an offer – on a home or on anything – its just a starting place. It's all about bargaining. You have to understand that first number either side throws out won't actually be the final number agreed upon. It's simply a starting place that allows room for the back and forth of negotiation and finding a mutually agreed upon middle ground that makes both sides happy. As a first-time buyer in particular, its important that your [top realtor](#) walk you through this interplay. Louisville, Kentucky-based broker Ton Ali of CornerStone Group Realtors stresses that he, "had a young couple ask to make what I considered a very low offer. We agreed it was unlikely, but thought it was a place to start." Remembering that any reasonable offer, even a low one, is simply a place to begin negotiations is a key in ultimately securing a home for your desired price.

A Low Offer Is Always Unjustified

[Comparables](#), other similar homes for sale in the neighborhood, are typically how seller's agents price a home. A list price, though, should more likely be dictated by actual recent comparable **close prices**. A home is only worth what anyone is willing to actually pay for it. It's OK to put in a lower offer if the data actually supports that offer," notes Chicago-based realtor Gary Lucido of [Lucid Realty, Inc.](#) So if that home you're eyeing has a list price of \$800,000 but other comparables in the neighborhood have actually been selling for only \$730,000, a lower offer is justified.

You Will Insult The Seller

While some individuals may take personal offense to any offer that is not their asking price, most sellers are simply looking to, well you know, sell. "If a seller is truly intent upon selling their home, they will entertain any offer and counter it," advises Palm Beach-based real estate agent [Kimberly Wedderburn](#) of Keller Williams. A seller who is truly ready to sell will know that the initial

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offer is only a starting place. They'll play ball with your offer as opposed to being offended. If a seller doesn't even entertain your offer with a counter it likely means they are in no rush to sell, or even still too emotionally attached to the home to actually sell.

Your agent should help you to figure out that best initial offer. They are there to be your guide and help do what's best for you and your family – working to get you the best deal on a home -, not making the biggest commission possible – should be at the top of their list.

There's No Such Thing As Too Low


Some might say you can't get something you never ask for. While this is true, even if you're looking to score a bargain basement price there is a good rule of thumb in order to still indicate you're a serious buyer: Offer within 15% of asking price. That gives you plenty of room to bargain without sending the impression to the seller that you're not really a serious buyer. "In my experience anything more than 15% below asking in a good real estate market gives the signal that the buyer isn't really serious, or is an unrealistic buyer," says David Kean, a Beverly Hills-based agent at [Teles Properties](#).


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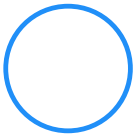
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