

Buyers: Does It REALLY Matter If a Listing Has Multiple Offers?

That depends. How would that information affect your level of interest?

As long as a property is “still available” to bid on and you know if a contract signing is imminent, you have a decision to make. Even then, there is no guarantee that, regardless of the type of market or the amount of competition, a buyer will have a "second" chance when making an offer to buy Real Estate. If they really like a house they may want to consider making their best offer at the outset. Should a buyer offer "more" if there is real or perceived competition or "less" if there isn't? Shouldn't they base their offer on HOW MUCH they like and want to own a house and what they can manage financially?

A market analysis is helpful as is concern about an appraisal if financing is involved but why should a house be "worth more" because someone else may like it? Suppose money is “no object”? Here is the underlying question: what is the point of making an offer on Real Estate?

I have taught the Accredited Buyer Representative core course and offered my opinion that the point of putting a house "under contract" is simply to lock it up so that the buyer and seller can go through the process of seeing if transferring the deed works for both parties. When a house goes “under contract” before a buyer can make an offer or their offer gets rejected that opportunity does not exist. There may be no "second chance". First impressions may doom an offer even if there is no competition. Not to minimize the process of buying or selling Real Estate but both parties likely have one or more chances to reconsider their interest in closing a sale. This is not a retail transaction.

Of course, we are dealing with human beings. How they respond to real or perceived “competition” will dictate whether and how they react when they learn about a house they like. If they reach a “meeting of the minds” with a seller will they come to think they paid too much? Home inspections and appraisals can help "correct" that. Do they have remorse, wondering if they bought the best house for their "needs and wants"? I have specific ideas about how to approach "the search" to help ensure that a buyer will have minimal if any "second thoughts" but, in reality, other houses will keep coming on the market. Whether sales contracts fall through or new houses become available, they can tantalize a buyer who is not fully committed to a house they have under contract. I have had buyers want to view a new listing or one that came back on the market while in the inspection contingency phase. I remind them about our search and how they arrived at the decision to make an offer on the house they now have under contract. I also tell them that we have no idea how much other interest the new listing may have, what it will take to get a signed contract, what may have led to its being back on the market or what inspection issues may exist. A “bird in the hand”

Is there anything worse for a serious buyer than NOT getting the "best house" under contract? Competition is what it is. Others may be in a better position to buy what you want to own. If you start looking before you are prepared and organized, you may be forced to watch others buy the house you liked and wanted to own. All any buyer can do is "know their limitations" and act accordingly. An experienced, trained and educated professional can help! The Real Estate market is constantly churning and that can frustrate even the most serious buyer.

As far as how to respond to inquiries about “multiple offers”, a listing agent MUST have a conversation with their seller client about how to handle inquiries. We cannot lie and we cannot divulge the answer without our seller client’s permission. We can tell others that we are not authorized

to answer the question, which may make others think there is competition. How they handle the situation depends.

I do not like to disclose having other offers in hand but there is a time and place for doing that. Telling others that there are no offers makes no sense. Whatever others do, throughout any given year, I see MANY listings *expire*, meaning the listing contract ran out, or get *canceled* that advertised in the “remarks” section that there was a "multiple offer situation". The fact that these houses did not go “under contract” and sell can mean that multiple buyers thought them priced too high. Did that disclosure help the seller? Did it deter other serious buyers who may have offered enough to convince a seller to sign a purchase offer?

Frenzied markets typically result in buyers and sellers having regrets, especially if they failed to plan and prepare as well as they might have. Did sellers wait too long to put their houses on the market or to sign an offer, thinking prices would continue to rise? Did they sign one too quickly? Did buyers jump too quickly, perhaps thinking they paid too much? Do they wish they had bought a different house or waited to buy? Did they wait only to find that nothing nicer came on the market? There is no perfect house search!

Some sellers have told me they settled too quickly or waited too long and felt that they had missed a better opportunity. I have read a number of articles about buyers having remorse. Whether they feel that they overpaid or jumped too quickly only to find that a better choice came along is a shame! They may not be able to sell for what they paid or recover their costs. Real Estate is likely our biggest asset requiring our largest investment. Mistakes can be very costly!

There is NO TIME for inexperience, empty promises OR false expectations!

HIRE WISELY: We are NOT "all the same"!