

Negotiating a Sales Price

Before you negotiate a sales price, it's important to determine if you or the seller has the stronger position. Knowing this will help you plan your negotiation.

The seller may have the stronger position if:

- The local real estate market is strong and homes are selling quickly.
- They aren't in a rush to move.
- Similar houses have sold for close to or above their asking price.
- There are other offers being made on the house at the same time as you.

The buyer may have the stronger position if:

- The local real estate market is weak.
- The seller needs to move quickly or if the home is vacant (assuming they don't have much carrying costs on the home).
- The house has been on the market for a long time.

When negotiating, more information is better. Look at your notes from when you looked at the house. If there's anything that needs to be repaired or replaced, you may want to consider including these costs in the negotiation.

There are several steps to negotiating:

- **Asking price.**
This is the price the sellers have originally listed. In a buyer's market, you may be able to successfully offer below the asking price. However, in a seller's market you may want to be prepared to offer more. Before making an offer in a seller's market, know how much above asking price you are willing, and able, to bid in case the seller gets multiple offers.
- **Initial purchase offer.**
This is your first offer. It may include contingencies (such as a requirement that the home pass a professional inspection or that you receive adequate financing from your lender.)
- **Acceptance of offer or counter-offer.**
The seller can accept your offer or make a counter-offer of a new price or additional contingencies.

If you've made a home inspection part of the contingencies and something serious is found during the inspection, you may want to submit a new counter-offer. The process may go back and forth several times before you and the seller reach an offer that is acceptable to you both.