

How to Haggle When Buying a New Home

In today's busy world, most people are not willing to haggle over prices. Automobile manufacturers are rising to the challenge by offering no-haggle pricing on their mid-range products. "Give the consumer the ability to make a large purchase simply, and you both walk away happy" seems to be the attitude that the auto industry is adopting.

Considering that a car dealership was one of the last places where a buyer *could* haggle over pricing and features, people are losing the ability to haggle - period.

What does this mean in the world of real estate? Well, quite simply, it means that today's buyers are less skilled at haggling than earlier generations were, and therefore most sellers can count on getting at least their asking price.



This is, of course, an assumption.

Homebuyers with good haggling skills are not afraid to take a risk. They know that, in order to haggle effectively, it is sometimes necessary to walk away. They may walk away forever, or they may decide to come back and try it again within a few weeks, months, or even years.

Years of experience have shown that homebuyers who haggle are often the happiest buyers on the day of closing, because they feel that they have accomplished their goal of purchasing the home they wanted for the price they wanted to pay.

Consider Using a Buyer's Broker, but Rely Upon Your Own Haggling Skills

Buyer's brokers have become increasingly popular throughout the country in recent years. A buyer's broker works specifically for the buyer, is paid by the buyer, and represents the buyer's interests. A buyer's broker depends on commission payments in order to earn income, and since the broker is also protecting his or her own interests, the buyer must know how to haggle.

Never Tell Anyone the Maximum Amount that You are Willing to Pay


When you make an offer of \$100,000, but tell your agent that you are willing to pay \$140,000... guess how much you are probably going to pay? That's right – the higher amount. When you tell your agent the maximum amount that you are willing to pay for a home, he or she is obliged to pass that information along to the seller. Therefore, an intelligent seller will not accept anything less than your maximum amount.

Research the Seller


Whenever you enter into any negotiations, it is a good idea to know who you are up against. This is particularly true when you are buying a home. Talk to your agent to see what information he or she might have about the seller, especially if the home is being sold during a divorce or as part of an estate settlement. Your agent may have crucial information to offer.

When you are viewing a home, search for clues about the sellers. If the home is cluttered and messy, look for the reason. It could be that the family has outgrown the home, or it could be that the owners are in the middle of a divorce. If the home is not occupied, find out how long it has been empty. Did the owners already relocate, buy another home, or die?

All of these pieces of information about the seller can be used to help you in the haggling process.



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Find Out How Long the Home has Been Listed for Sale

This is an important question to ask every time you view a potential home. If the home is newly listed, you should know in advance that you will probably need to offer a price near the listing price. However, if the home has been for sale for a year or more, there is a good chance that a lower offer will suffice.

Homes that have been on the market for an extended period of time are often perfect for bargain hunters, because sellers don't want their homes to be for sale forever. When beginning your home search, pay attention to homes that have been for sale for some time.

Arrange a Meeting With the Seller

If at all possible, buyers are encouraged to meet with the seller at least once. This lets you make a positive impression on the seller. Sellers who meet the person or family who will eventually live in their home are often willing to accept lower offers than those who do not. This is because the process of haggling becomes personal when you put a face with the name. Usually you will not need to do any direct haggling with the seller, because negotiations are part of what your agent or buyer's broker will do for you.

Ask Your Agent for a List of Comparable Homes

Comparable homes are homes that are similar in value to those that sold in the area where you plan to buy. Having a list of the selling prices for these homes will allow you to determine whether the seller is asking for a fair price for the home.

You can use this information to your advantage during negotiations, particularly when you are formulating the first offer.

Offer a Reasonable Price to the Seller

Some sellers expect buyers to bid at least 5-10% under the listing price of the home. In some cases, the seller will immediately accept an offer in that range. However, other sellers are insulted if they receive an offer of anything less than the listing price.

It is best to begin with a low-end offer, because you can always increase the amount of the offer, but you can almost never decrease it.

Don't Rush to Adjust Your Offer

If your first offer is rejected, or if you receive a counter-offer from the seller, it is best to wait several days before responding to the seller with more than a "thank you for considering my offer."

Make the seller believe that you are not going to make another offer. Then, when you do decide to make another offer, the seller will be pleasantly surprised and more willing to consider it.

Look for Alternative Compensation

Some sellers may be willing to include items with the sale of their home when a fair offer has been made. By adding a few thousand dollars to your initial offer, you may be able to request that the seller leave behind the appliances, or you may be able to get the benefits of a pre-paid pool-service contract. Many forms of alternative compensation are available. If you are willing to pay more for a home when it comes with some amenities, then haggling is the right option for you.

Negotiation is not a lost art, but in our busy world people just don't have the time needed to learn how to haggle effectively.

Your realtor should be happy to assist you in learning about the negotiation process. Years of experience have taught realtors beneficial and effective bargaining methods.

The key to negotiation is being willing to walk away should your efforts prove ineffective. When you realize this fact ahead of time, you stand a far better chance of being successful in your negotiations and achieving a favorable outcome for both you and the seller.