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Buyers: How to Craft an Offer the Seller Can't Refuse



A lot will depend on whether there are multiple offers or not. But certain promises sweeten any deal.

In the competitive sport that is NYC real estate, a perfectly crafted offer is your best, and fastest, way to getting the apartment you want. But what's a perfect offer—meaning one that doesn't turn off the seller with a woefully underpriced starting bid, nor doesn't leave you overpaying and settling for terms that don't work for your needs? Here's what keep in mind before sending off that email to the broker.

Price it right

"At the end of the day the price is really the name of the game," says Ari Harkov, an agent with Halstead Property. When Harkov's working with a seller who has multiple offers on a property, he puts them all in a spreadsheet, organized by offer price. "We start with the highest bid and go from there," he says.

If you're making a bid on an apartment with multiple offers and the seller's asking for best and final, "the winning offer is often between 10 and 12 percent more than the asking price," says Patrick Lilly of CORE. (Note: You don't want to go too high if you're planning on getting a mortgage; if the appraisal is much lower than your accepted offer, the bank won't finance it all.)

While you'll need to take the seller's broker's word for it as to whether there's a lot of interest in the place, if you do your homework and know the market well, and keep an eye open at open houses, you can more easily confirm whether the agent is telling the truth. Also, see whether the listing's been saved on StreetEasy by a lot of users—that can give you a sense of interest in the place, says Harkov.

If you don't know the broker and suspect they might be inflating offer numbers, Lilly suggests subtracting 20 percent from what they're quoting you.

"You may get a vague answer like 'We've had strong interest.' Which to me would mean there are no other offers," says Doug Williford of Warburg. "Or 'we have a strong offer,' which I would normally interpret as there is an offer, but not necessarily above ask."

"If the answer is 'We have multiple offers above ask,' you pretty much have to assume that the broker is being honest and proceed accordingly. Either it's worth a price above the ask (to you) and you bid accordingly, or it's not and you continue with your search. (Interestingly, if you decline to make a bid at this point, and the broker was overstating interest, you may get a call back from the broker with egg on their face looking to make a deal at your lower price, Williford says.)

To figure out a reasonable offer, "look at how long the apartment's been on the market and how much comparable apartments in the building and area are sold for," says Williford. "Take into account whether this one is on a higher or lower floor—you can usually add or delete a percent of the price per floor."

To see how much leeway you'll have on price, check out how long the apartment's been on the market on StreetEasy. "The longer it's been on the market without a price reduction, the lower you can go," says Lilly. But if they just reduced the price, your bargaining power is low.

06/29/2015	Price decreased by 11%	↓ \$345,000
09/08/2015	Price decreased by 17%	↓ \$286,000

There's only so low a seller will usually go on an apartment that's seen a couple of price reductions.

If you do decide to bid below ask, be reasonable, or you'll risk offending the seller or coming across as less-than-serious. The experts advise against going lower than 10 percent less than ask.

And "temper a lower offer by saying 'this is my initial offer'," says Lilly. This way, the seller knows you're up for negotiation.

How to sweeten the deal—even with a lower price

An offer is not just about the price being offered. "It's about who can close," says Williford. "You want to give the seller and their broker the idea that if they go with you it's a sure thing," he says.



Cash helps. But maybe not offered like this.

There are several ways to do that. First, you can offer cash, which means the deal won't be held up waiting for bank financing.

If you don't plan to pay cash, you can forgo the mortgage contingency, which means you're out of a deposit if you can't get the mortgage, but the seller doesn't have to worry about the mortgage falling through.

If you decide to go without a mortgage contingency, though, make sure you have enough cash in the bank to make up the difference if the appraisal comes in low (and the bank will only lend 80 percent of the appraisal amount, not the price in the contract).

You could also run into trouble if the bank doesn't approve the building. So before you sign a contract with no mortgage contingency, you need to make sure your bank is willing to loan in that building.

Another way to put the odds in your favor: Be flexible on the closing date. Make it work for the seller's needs—whether they need to move out slowly or quickly. Sometimes that could mean moving into a rental for some time.

You can also write a love letter about the apartment. Nothing too long, just a brief note that tugs the seller's heartstrings. Maybe mention your plans to raise a family there, or your love of the neighborhood. No matter what, it can't hurt, our experts say.

Make sure everything you need is there

Shooting off an email with a number is not going to get you an apartment. "You need the offer to be clear, concise and well-worded," says Williford.

Offers—which are emailed—include the sales price you're bidding, whether or not there's a mortgage contingency, how much financing (if any) you're going for, and what your desired closing date is. You can write "flexible" or "whatever works for the seller" to sweeten the deal. If you're financing, you'll also need a pre-approval letter from the bank (this is the next step after pre-qualification letter, and can take about two weeks to get).

Usually, buyers and their brokers include the REBNY financial statement (which has both your net worth and income on it).

A quick bio about the buyer and aforementioned "love letter" are usually included too.

And once you have all the documents in place, it's time to compile and create professional-looking email, hit send and hope to hear some good news in a few days.