

PATHWAY REALTY GROUP

Guiding You Home

Why consider your first offer?

You might have heard a real estate agent say in the past, that usually your first offer is the best offer. Is that really true, or just a cliché?

In my experience that statement is usually true. Why?

Usually, when a home first comes on the market sellers are very bullish and confident that they will get top dollar for their home, regardless of the market. An agent will give them a value range when doing a Comparative Market Analysis (CMA), and human nature dictates that all sellers will gravitate to the high end of the range.

I'm not suggesting you need to consider or accept a low ball offer, but it's important that you review all offers and comparables. A skilled negotiator can often turn a low offer into an acceptable offer.

There is some real truth behind “the first offer is usually the best”

Most activity will be in the first week, or even the first weekend a property is on the market. Most home buyers want what others want. If they see lots of activity on a home, they want in. FOMO, “Fear of Missing Out”, is real, and wanes as a listing gets older, and there is less activity and excitement about the home. That excitement creates urgency. Buyers become suspect as listings age. What is wrong with the home? Why don't people want it? Maybe I can get a deal on it? I wonder if the sellers are desperate? Early offers are serious offers, people excited about your home and ready to buy.

Why is the first offer usually the best offer?

As a seller, like everyone, you want top dollar for your home. You've prepared the home perfectly and got it listed. Your first offer shows up and it's thousands of dollars below the list price. Your heart drops. You just want to reject it, and wait for another, but your agent comes back with "your first offer is usually your best offer" and you want to fire them!! They're supposed to be on your side. Don't forget, in most cases that offer will be negotiated up, so when I say "your first offer is usually the best offer" I am talking about the final and best from the buyer, not the initial "test the waters" number.

DON'T DIG IN YOUR HEELS AND
IGNORE AN OFFER BECAUSE YOU
BELIEVE A BETTER ONE WILL
COME. IT MIGHT BE THE ONLY
ONE.

Final Thoughts on why your first offer is usually your best offer

While what I say here might be a generalization and not in every situation, it is often the way the selling cycle goes. Don't think I'm unilaterally telling every seller to take the first offer.

There is a serious discussion to be had about EVERY offer, even the first one, and every offer should be an opportunity to review comparables and your goals to make certain you are making the right decision. Follow the same process with every offer, be it the first one or the last one. Many buyers are fatigued, and when they make an offer on your home, they WILL increase to their best offer. High interest in the first few days, or the first week is good, but even one "RIGHT" offer is all you need. Sell your home as early as possible in the process. I know the buying cycle and how the majority of home buyers work.

The first offer might not always be the best offer, but an early offer is a great offer.

The critical first week, what happens when you miss it?

If you miss that critical first week, you will see showings start to drop off. After 20-30 days it will usually drop to almost nothing. You will get the odd appointment, but it will usually be early stage buyers just testing the market, seeing what is out there. But all "the good homes" sell fast, so now you are one of the "leftovers". Buyers will start to ask what is wrong with the home, why have others rejected it. Buyers are far more willing to make a low ball offer, or have ridiculous conditions, when a home is not a fresh listing. And then there are the bargain hunters, who want a home that is not selling, so they can get a deal, and not have to contend with multiple offers, or a seller who still believes their home is worth top dollar.