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How Home Buyers Are Winning Bidding Wars (And 6 Ways You Can, Too)



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most homes under contract within 24 to 48 hours of listing, “and they are all over asking price.”

Why the bidding wars?

Low-interest rates and low inventory thanks to the COVID-19 pandemic have created a climate where bidding wars are the norm and buyers are often doing crazy things to win a contract on a house.

Cyndi Houser, principal broker and owner of [Vertical Real Estate](#) with offices in both Virginia and North Carolina, says she routinely has clients offering \$20,000 to \$25,000 over list prices on houses. She recently had a Virginia Beach client make a cash offer \$23,000 over list price with no [home inspection](#) or [appraisal](#) contingencies. “I don’t think we would have won the contract if it hadn’t been for that,” Houser remarks.

Beasley says she’s seen buyers offering \$30,000 to \$50,000 over asking price and is also seeing an increasing number of [VA](#) and [FHA loan](#)-eligible buyers [choosing to take out conventional mortgages](#) because the appraisal guidelines aren’t as stringent, meaning they can get loan qualifications more quickly by going [conventional](#).

How to compete in a multiple-offer market

Is it possible to [win a contract on your dream home in this kind of market](#) without losing your shirt? Thanks to historically low-interest rates, the answer is “Yes,” according to Beasley. “Interest rates are so great right now,” she says, “that paying a little more for a home is not the end of the world.”

Plus, buyers who take out conventional mortgage loans will already have some equity in the house, which helps to help protect them from future market downturns. The more

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“A month ago, escalation clauses were the way to win a contract, but now people are not even escalating,” Beasley says. “They’re coming in with their highest and best offer. Know your bottom line. Forget negotiation.”

Beasley says she’s had a number of clients understandably balk at this advice: “It takes losing a few contracts for them to realize this is a completely different market.”

2) Be willing to remove some or even all contingencies.

It’s not unusual for sellers to receive multiple offers over list price, so often the way to win a contract is to remove [contingencies](#). Agents say buyers are foregoing clean home inspections, repairs, and appraisals that meet sales prices. Buyers are also no longer asking sellers to cover all or a portion of [closing costs](#).

3) Have all your financing ducks in a row before you make an offer.

It’s absolutely critical, if you require financing to purchase your home, that you make an offer with mortgage loan [pre-approval](#) attached to it. And know that sellers are going to give preference to buyers taking out faster-closing conventional loans. Houser says because the market is so competitive she even had a client whose offer was refused recently because the seller’s agent didn’t recognize her client’s lender.

4) Bring cash to the table if you can.

Cash buyers have a natural edge in the current market because they can close quickly without as much hassle. If you can manage a cash offer, you’re more likely to avoid a bidding war. Beasley has had clients competing against cash buyers willing to bring more than \$500,000 to the table.

5) Hire an experienced agent with solid relationships in the local market.

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If you don't need to move into your new home right away, [consider buying new construction](#). Beasley says that's the one area of the market where bidding wars aren't as common right now: "New construction should be on buyers' radars if you have four to six months before you need to move in because you're not going to have to overpay."

In 16 years of selling real estate, Beasley says she hasn't seen anything like the bidding wars of today. "We're not only listing higher than ever before but selling even higher," she notes.

Give yourself a competitive advantage when you make an offer by ensuring you have loan approval before you start the buying process. [Begin your OVM Financial application online in](#) four easy steps. Then when you see that dream listing on Zillow, you're ready to make your highest and best offer right out the gate!

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