

## **Negotiating the Home Purchase**

Negotiating a purchase has always been a part of the American spirit. We are always in search of the “deal” that will reduce a seller’s quoted price and keep as many dollars as possible in our pockets. Playing into this attitude is the never-ending parade of retailers screaming “Sale” and “Discount” to attract buyers of just about every product and commodity the marketplace has to offer. If it were possible, it is an element of our culture that would have many of us go so far to even negotiate purchasing a stick of gum.

In the world of real estate, the act of negotiation tends to be an expected part of the sale process. The steps of offer and counteroffers have long been an integral part of buyers and sellers coming to terms on a sale. Naturally, much of this has to do with the magnitude of money involved in a home purchase. Whatever the product, the greater the price the more pronounced is the tendency to negotiate.

In approaching just how and what to negotiate the first point that needs to be accepted is the current state of the marketplace. The more buyers chasing any commodity the higher the price and less willingness on the part of sellers to negotiate a published price. Such is the basic rule of supply and demand. However, even in our current limited inventory housing market that favors sellers, the buyer’s spirit for negotiating has in no way been extinguished. Personally, I think it wise for sellers to program an expected amount of negotiation into their published sales price. Allowing a buyer to feel some sense of getting a bit better price helps satisfy the spirit of negotiation traditionally linked to buying a home. Regardless, the marketplace will dictate what a sale price should be – not necessarily what a seller thinks a property is worth and not always what a buyer hopes to pay.

Once the potential for negotiating in a current market is accepted, homebuyers can decide to what extent they believe a seller will realistically negotiate. A good starting point is to review data about the final sale price of similar homes and the typical difference between what prices homes were listed for and the final sale price sellers actually received. Dealing with a professional Realtor will assist in accumulating reliable information that can be beneficial when negotiating.

It is important to keep in mind that homes which appear similar do inherently have differences. Typically, variances between “like” homes include the general maintenance standards of a home, upgrades or updates to a home, the immediate neighborhood streetscape and configuration of a lot.

Aside from adjustment in price, negotiation can also involve other elements of a transaction such as including furniture in the home, contributions to mortgage closing costs, an extended closing time and everything from golf carts to storage cabinets in the garage.

There are also potential intangible aspects of a sale that can act as negotiation “chips” in finalizing a contract. For example, an extended closing date or transferring of golf membership rights can often be enough of an incentive to satisfy a buyer and lead to a successful purchase agreement.

When a strong seller’s market makes sale price negotiation difficult, items in a home that can remain for the buyer or timing adjustments to better accommodate the buyer and/or seller can be the bargaining chip that brings a sale to fruition.

The reality is a seller wants to receive the highest price possible and the buyer wants to see the best “deal” that can be had. What makes a home purchase a healthy arrangement is a balance between what a seller wants and what a buyer wants. Although buyer and seller remain inherently on opposite sides of the transaction, the spirit of negotiation is what often makes a sale of real estate become a reality.