



Successful Strategy for Multiple Offers

What Price Should You Offer?

By ANTHONY MARGULEAS
Special to the Palisadian-Post

For the past few years, we have experienced one of the hottest seller's markets. During this time, we have seen a majority (approximately 70 percent) of the homes in Pacific Palisades selling over the asking price and in multiple offers.

If a home is priced well and in a more affordable price range, it is not uncommon to see 10 or more offers on a property.

For years the conventional strategy for a buyer has been to submit an offer at the current asking price. In return the listing agent and seller would almost always make a counteroffer—either to all the offers submitted or at least to the top few.

Listing agents would commonly counter buyers with a request for their “highest and best” offer. Highest and best means the highest a buyer is willing to pay combined with the best terms they are willing to provide.

What can be frustrating about this for a buyer is that you are basically countering your own offer with little direction regarding the price point you need to hit.

The buyer would then have a chance to respond to these highest and best offers.

However in the past few months, more sellers have been accepting the highest initial offer—if the price and terms are by far the best—without countering.

This can be surprising and a bit frustrating for a buyer or buyer's agent who was expecting the seller to counter. In this scenario, a buyer may have left some room in the tank, so to speak, with their initial offer and then been outbid by someone who offered their highest and best from the get-go.

Because of this new trend, we are counseling our buyer clients that they may want to rethink their initial offer. In some cases, it may be advisable to make an initial offer that is close to your maximum budget. Otherwise, you may lose out on a property without receiving a counter from the seller.

Making an offer that is close to your maximum budget right from the start comes with its own set of frustrations, however. With an initial offer near your maximum, it leaves you no room to negotiate if the seller does counter.

A variation of the “highest

and best” practice is when a listing agent asks buyers for their “highest and best” offers over a certain sales price. This gives the buyers some direction in terms of how much you need to offer.

The challenge is if one buyer's offer is much higher than the other buyers' offers and the listing agent counters by asking for more than the highest current offer.

In doing so, you may realize that your offer is much higher than the other offers on the table. This may make you rethink the value of the home and encourage you to back out.

Deciding whether to make an initial offer that leaves you room to negotiate or starting out with your “highest and best” offer is something you should discuss with your real estate agent.

Anthony founded Amalfi Estates 21 years ago. He has sold close to \$1 billion in properties and was selected by The WSJ as one of the top 100 agents in the country out of one million agents. He is currently the #1 agent in the Palisades based on sales volume. He can be reached on his cell at 310-293-9280, www.AmalfiEstates.com.