

REAL ESTATE

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THE REAL DEAL

Real Estate News You Can Use

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How to Generate Multiple Offers

Every seller's dream is to put their house on the market and to have offers from several eager buyers to choose from.

Those days are past, you might say. And with inventory on the rise, market time up and buyers taking their time, most people – including many in my business – would agree with you.

Despite this, I have recently seen more than one instance of multiple offers on a local property. Yes, even in the current “difficult” market. And I have seen a few other properties binder so quickly that there may well have been multiple offers on them if the sellers had waited a few days before accepting the first one.

Generating multiple offers is not as difficult as you may think – that is, if you have the right property and the right mindset. And if you can pull it off, the rewards are great. That's because properties with two or more offers tend to sell at higher prices (sometimes even over asking)...go to contract quickly...and have fewer glitches during negotiations.

Think about it. If more than one buyer wants your property, the first one in line will be on best behavior knowing there's a backup buyer waiting in the wings. And if the first buyer bails out for some reason, drags their heels or otherwise fails to perform, you can go directly to the next party in line without having to put your property back into active inventory. It's kind of like having an insurance policy on your listing.

So how, exactly, can you boost your chances of this happening?

The first requirement is a great property. This does not mean your home needs

to have direct Long Island Sound frontage...or horse pastures...or to be listed in the historic registry. It simply needs to be a type of property that's in short supply at the time you put it up for sale. It could be a house in thorough disrepair located at the end of a McMansion populated cul-de-sac if there are no wetlands on the lot and there's a sewer connection at the curb. It could be a four-bedroom house under \$1 million if everything else in the price range only has three bedrooms. It could be a colonial that needs updating but is located in the heart of Old Hill at a time when all similar homes on the market – even ones with newer kitchens and baths – are out near the Fairfield border. It's all about supply and demand.

The second requirement is aggressive pricing – usually at or just above your “bottom line” number. Simply put, buyers have to perceive value. And they have to perceive enough of it, in order to feel a sense of urgency about coming forward. Today's home buyers are well educated. When they see a property that is worth what you're asking, they will pay your price. When more than one buyer sees the value, you may get at least one of them to pay more. That is the beauty of the free market.

Many sellers are concerned that by pricing aggressively they risk leaving money on the table. After all, they argue, no one – at least no one around here – wants to pay full retail. That's why the strategy used by most listing agents is setting an asking price that “leaves room” for negotiation. Although this approach is safe and tried and true – and is standard for selling cars – it will not get your house sold quickly and at the highest possible price in today's local real estate market. And it is very unlikely to create a multiple offer scenario.

The last requirement is a smart listing agent. The real estate professional that

you choose to represent you needs to be:

1. *A skilled market analyst.* Someone who can accurately determine if your property has the potential to generate multiple offers and, if so, what needs to be done price-wise, staging-wise, marketing-wise and otherwise to try to bring this about.

2. *Experienced and confident in multiple offer negotiations.* While it's critical to have a skillful negotiator on your side in any deal, it is especially so when negotiating with more than one party. There are a number of acceptable strategies for negotiating multiple offer deals, each with their own advantages and disadvantages. Your agent's responsibility is to recommend the strategy that's best for you while acting in an honest, fair and forthcoming manner to all of the potential buyers and their agents.

It takes a special seller – and a special seller-listing agent relationship – to pull off a multiple offer deal. When it happens, it's an especially satisfying and rewarding experience for everyone involved – including the buyer who wins your house as their prize!

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