

# inman **6 Ways to Set Buyer and Seller Expectations for Today's Housing Realities**

Although it's hard to know how long this pandemic will last, one thing seems certain — the drive to find the ideal home remains a priority. That's why it's important to let buyers and sellers know what to expect. Here's how.

BY CARA AMEER | JUNE 23, 2020

Despite [the pandemic](#), many housing markets are rebounding across the country as pent-up demand is unleashed, and interest rates remain aggressively low. The pace is frenetic, even in markets that have typically had a more balanced supply of inventory.

Properties are going under contract in a matter of a day or two — if not just a few hours. With so many buyers on the move or electing to buy a second home, adjusting to such a crazy pace has been challenging for buyers, sellers and agents alike.

Besides wearing face masks when looking at homes, here are six ways to help buyers and sellers [manage expectations](#) in this current climate.

## **1. Anticipate, prepare and plan**

As a buyer, you will need to embark on your home search with all of your ducks in a row. Sellers are still cautious about showing their homes, and [many markets](#) require a preapproval or proof of funds to be submitted prior to seeing a home. That's on top of verifying that

you've truly reviewed the property online before physically coming in to see it.

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When showing their homes, sellers are only interested in the most ready, [willing and able buyers](#). At this time, they might not be interested in buyers who, for instance, still have their properties on the market and need to sell before they make the next move and buy a home.

The good thing about the pandemic housing boom is that it is forcing buyers to get real about their true motivations and financial preparedness. The not-so-good thing for buyers is that we're not in a market that encourages browsing for the sake thereof right now.

## **2. When you find what you want, be prepared to act fast**

In markets like what we are currently experiencing, minutes and hours matter. Yes, I've seen homes go under contract in a matter of *hours*. The pace is even more frenetic than the years leading up to the height of the market in 2005, or even the initial years after the market crash, when buyers were snagging up deals left and right.

The ability to make a [contingent offer](#) on a home sale may be more difficult than it was six months ago if you are competing with [multiple offers](#), and given this climate, there's a very good chance you will be.

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This is *not* the time to flaunt your armchair negotiation skills by making [low-ball offers](#), asking for the kitchen sink to be redone or making [unreasonable requests](#).

If the property is what your buyers really want, do what you need to do to seal the deal. Give the seller a reason to choose your offer over the others. As much as people say that there's more to an offer than a price, the bottom line is — money talks.

Cash can be tough competition against other offers [with mortgage loans](#), even if they're strong offers. Every buyer submits a letter that amounts to some pretty amazing “resumes” when applying to be the new homeowner. Everyone has stellar credentials, is very qualified and has a story about their “why” that may even bring tears to the listing agent's eyes.

While all of that is humbling and amazing, realistically, sellers are looking to work with the offer that nets them the most money with the least amount of hassle.

### **3. Low inventory**

Multiple offers are typically the result of low inventory, and the pandemic has created exactly that. Out of the available homes for sale, they're moving fast.

As a [buyer, don't be surprised](#) to find fewer choices, which may not be ideally what you want. The question is, how long can you wait to find what you want? And just as important, will what you want come on the market in a reasonable amount of time?

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As a seller, low inventory may be unsettling. While the idea of selling your home for top dollar is appealing, the stress of figuring out where to go is not.

If you're planning on putting your property on the market, work with your agent on identifying a transition plan as to where you will go. Timing a back-to-back move is often difficult in the best of circumstances, let alone a fast moving, low-inventory market. This may [mean relocating](#) to temporary housing until you can secure your next purchase.

## 4. Contingency confusion

Buyers who have a home to sell first are not music to a seller's ears, particularly when buying [new construction](#). A contingency can add stress to an already stressful situation for a seller.

If you must make an offer that is contingent on a home sale, please have it listed with a professional agent, especially if you're planning on relocating to an entirely different area.

Ideally, you have the best chance of success with a contingent offer if your home is already under contract or if you can limit the contingency to a certain amount of time (for example, contingent on the sale and closing by 60 days from the date of contract acceptance). This will [give sellers some assurance](#) that they won't be tying up their home indefinitely.

A seller may want to counter a contingent offer with a continued marketing addendum or a right of first refusal. This allows sellers to continue to market and show the property. Should they receive another offer, they'll give buyers in first position a particular time frame

for lifting the contingency. Otherwise, they'll have to step aside so sellers can work with the new offer.

## 5. Inspections and repairs

In inventory-challenged markets, buyers may need to offer full or over-asking price to seal the deal. When it comes [time for inspections](#), there may be costly and more complicated issues than what the buyer bargained for.

A seller may not be willing to do much now versus several months ago due to low supply versus high demand. Sellers may prefer to sell “as is” instead of trying to coordinate with contractors who could be backed up due to COVID-19, as well as concerns about letting them in their home.

As stressful as the inspection discovery process is, which typically doesn't bring good news, [buyers need to be prepared](#) for less give-and-take with the seller in this part of the transaction. It can be easy to dig in your heels and let personalities clash, but barring something major (like mold), don't let unrealistic expectations derail your deal. Buyers need to work with their agents to see what they can work out with sellers, whether that's a reasonable price reduction or credit toward closing costs. The seller is not going to be inclined to take care of a punch list of items from an inspection report and will prefer to sell to the buyer who poses the least amount of resistance.

If the transaction falls apart due to inspections, the seller will benefit from the prior buyer's inspection report and use that as a negotiating tool in managing expectations with the next buyer.

## 6. New construction

A new home may be particularly appealing to people who've spent [so much time in quarantine](#) and perhaps realized that their current space no longer works, or that they'd like more outdoor living space.

Although it may seem like builders are eager to make a sale, particularly after being sidelined for the last couple of months, don't be surprised to find limited choices with completed or nearly completed inventory homes, and as well as available lots where you can build.

This likely means limited negotiability and flexibility when it comes to price and terms. Many builders are offering limited incentives and are not typically budging beyond that.

What a builder was willing to do six or eight months ago is likely not the case now. Most builders are not interested in working with a home sale contingency on existing inventory homes unless the buyer's home is under contract. They may consider working with a home sale contingency on a plan-to-build home if the buyer's home is listed for sale with a full-time real estate agent.

Buyers should work with agents who are well-versed in new construction. That will prove to be crucial in helping them hover over available inventory and the process and stay close to what's happening. Through their agent's builder contacts, they can get updates on properties and lots that are not publicly listed as available.

Agents can also alert buyers of the lots or homes that might be coming back on the market due to a buyer being unable to move

forward with the sale. Given the brisk pace of new construction sales, if you don't move fast, you could miss out on something.

Although it's hard to know how long this pandemic will last, one thing seems certain — [the drive to find the ideal home](#) to shelter in remains a priority for those in the real estate market today.

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