How to Set an Offer Price

Setting an offer price involves more than picking a number. It's about comparing recent sales, evaluating property condition, understanding the market, and balancing logic with comfort. Use these key points to guide your strategy.

START WITH COMPARABLE SALES

- Review recently sold homes that are as similar as possible in:
  - – Location, lot size, and square footage
  - – Bedrooms and bathrooms
  - – Type of construction and age
  - – Parking and garage space
- Focus on sold prices, not asking prices, to see what buyers are actually paying.
- Ask your REALTOR® to pull full MLS® data and help interpret recent trends, average days on market, and sale-to-list ratios.

ASSESS PROPERTY CONDITION

- Compare the home's condition to others in the neighbourhood—average, above average, or below.
- Evaluate:
  - – Structural soundness: walls, floors, windows, doors
  - – Roof, furnace, air conditioning, and other major systems
  - – Plumbing and electrical condition
  - – Kitchens, bathrooms, and flooring where updates are most costly
- Factor in visible maintenance, not décor or staging.

ACCOUNT FOR RENOVATIONS AND IMPROVEMENTS

- Major functional updates can add value, while cosmetic changes usually don't.
- Prioritize upgrades that improve structure or efficiency:
  - – Roof or window replacement
  - – Updated electrical, plumbing, or HVAC
  - – Finished basement or room addition
- Features like pools or landscaping add enjoyment but not necessarily equal resale value.

UNDERSTAND CURRENT MARKET CONDITIONS

Seller's Market

- Fewer listings than buyers.
- Homes sell quickly and often above asking.
- Offers with strong terms and limited conditions stand out.

Buyer's Market

- More listings than buyers.
- Homes take longer to sell and negotiation is common.
- Reasonable offers below asking may still be accepted.

Luisa Bada
BROKER
SPECTRUM REALTY SERVICES INC. BROKERAGE
Since 1992
luisabada.com
@luisa.bada.realtor
C: 416.347.3686
O: 416.736.6500

Balanced Market

- Supply and demand are roughly even.
- Prices stay stable and negotiation depends on motivation and timing.
- Aim near the middle of your fair market range.

CONSIDER THE SELLER'S SITUATION

- Seller motivation can affect pricing flexibility.
  – Sellers who have already purchased may value timing and clean conditions.
  – Estate sales or long-vacant homes may prioritize simplicity.
  – Homes on the market longer than average may have room to negotiate.
- Ask your REALTOR® to gather background information before submitting an offer.

CHOOSE YOUR OFFER NUMBER

- Decide on two numbers:
  – Your ideal price – the amount you'd like to pay
  – Your maximum price – the highest you'd feel comfortable offering
- Align your numbers with your mortgage pre-approval and total budget.
- Begin close to fair market value, leaving some space to negotiate.
- Avoid lowball offers that risk alienating the seller.

KEEP PERSPECTIVE

- Remember that buying wisely matters more than "winning."
- A fair, well-researched offer reflects confidence and preparation.
- The right price should still feel right after the deal closes.

THE BOTTOM LINE

- Use recent comparable sales as your base.
- Adjust for property condition, upgrades, and motivation.
- Let current market conditions shape your offer strategy.
- Work closely with your REALTOR® to balance value and opportunity.

A strong offer is one supported by facts, guided by experience, and aligned with your goals.

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