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Winning in the Seattle-Area Real Estate Bidding Wars

How to successfully buy the house you want

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Seattle has been a seller's market for many years. The competition to buy a house can be fierce. We've all heard stories of bidding wars that drive the prices of unremarkable homes far out of reach. Andy Randles, a senior client adviser at [Flyhomes](https://www.flyhomes.com/) (<https://www.flyhomes.com/>), a local real estate company that focuses on helping home buyers compete in hot markets, wants buyers to take heart.

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"I've even seen houses sell for \$500,000 over list price. It's demoralizing for a lot of buyers. But yes, there *is* a home for you in this market. It may not be the exact perfect home you see on HGTV, but you can buy a home," says Randles.

Competitive candidate

Flyhomes [helps qualified clients make cash offers](http://www.parentmap.com/article/trading-how-think-about-buying-bigger-house) (<http://www.parentmap.com/article/trading-how-think-about-buying-bigger-house>), but even if you can't swing a cash offer, you can make your offer more appealing to sellers. Just like getting into the perfect preschool, it helps to plan ahead.

Before you even start looking at homes, get preapproval to establish your budget. Pre-underwriting, based on complete mortgage documentation, is even stronger and will help your offers stand out. The terms of your offers are as important as how much you can afford to pay. Like you, the sellers want to keep it simple.

"Pricing is 50 percent of the offer," says Randles. The other 50 percent is the terms you offer.

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You should make an offer with no contingencies. Instead of asking for more, you might offer a high earnest money deposit, releasing earnest money to the seller, and offering free rent-backs for sellers who need time to move out.

“In the grand scheme of things, there’s really no need to charge the sellers \$500 bucks in rent,” says Randles.

A good buyer’s agent can help you make a right-price offer with super clean terms.

Settling for less?

There simply are not very many houses available for sale, so you might not find exactly what you’re looking for. But prices are rising so quickly that simply sitting back and waiting for the perfect house may not be the best plan either.

“It’s all about setting expectations,” says Randles.

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Try to be very clear about what you actually need in a house or neighborhood and be as flexible as possible about the “nice to haves” to expand your options. You may find that your needs versus wants list evolves as you look at more houses and discover what’s available.

“Things can change, but with the true must-haves, like you must have a yard because you have children and a dog, don’t compromise. If you compromise on those, you may regret it later,” says David Isaac, a field specialist at Flyhomes who is licensed to do home inspections. Bottom line: You don’t want to end up living in a house that doesn’t work for you.

When to walk

Speaking of houses that don’t work, don’t skip the inspection. Even if you think you want a house “no matter what,” major problems pose appraisal risk and can affect how

much you're willing (or able) to bid on the purchase price.

"You can walk through a house and test toilets and sinks and those kinds of things. But during a tour you don't have the opportunity to get into the attic or in the crawlspace," says Isaac. "There could be a nice rodent community under the house." Other issues you can only discover through an inspection include foundation problems, such as leveling, that can be so expensive to repair that they price you out of the house. Leaks, especially if they have already resulted in mold or rot, are also extremely expensive to deal with.

Some of these problems — and sometimes competition for a house without them — can create an appraisal gap. That's when the agreed sale price exceeds what the appraiser later determines to be the true value of the home.

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It's easy to get emotional about a house you like, and bidding wars, like auctions (<https://www.bbc.com/future/article/20120907-why-we-overpay-at-auctions>), push buyers' psychological buttons. Getting caught up in the competition can lead to spending too much or "winning" the wrong house. You never want to owe more on your house than you could resell it for.

"There will always be another home out there," says Randles. Competition is fierce, but it doesn't pay to be too desperate.

Wiggle room

Psychology can lead to the opposite mistake as well — walking away from a good deal. Not every Seattle-area home is the object of a bidding war. According to Randles, outdated kitchens and ugly paint colors are a savvy buyer's best friends. They eliminate competition and lower the price of the home. But updating a kitchen, while expensive, pays for itself in added home value, while paint is an inexpensive and impactful change.

Smells are another factor that can have an outsized effect on buyers. If a house smells “old” or too much like the current residents’ cooking, it won’t take long for those odors to disappear with new owners. But pet smells, mold and mildew, and cigarette smoke are much harder to eliminate. Expect to replace carpets and repaint the whole house at a minimum.

The general condition of the home should affect the price. Deferred maintenance can make a home more affordable, depending on your comfort level with making the repairs. You don’t want to ask sellers to make necessary repairs (see contingencies above). Another factor that can lower the sale price is time on market. Sellers are motivated to sell quickly, and in a hot market, even a few weeks’ listing can feel like an eternity.

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Buying a home in our area gets more expensive and more competitive with each passing year. But it doesn’t mean you have to give up. With preapproval by a trusted lender and a good buyer’s agent to help you navigate the process, you can find a home to buy, even in the country’s third-hottest (<https://www.seattletimes.com/business/real-estate/seattle-slips-one-spot-to-no-3-hottest-housing-market-in-u-s/>) real estate market.

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