


We are first time buyers who've been frustrated by the hot real estate market we are searching in. What advice or tips do you have?

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Recently we are seeing “hot” real estate markets in many places across Ontario, even where the market is more balanced and not necessarily favouring the seller or the buyer.

When housing demand outpaces the available supply, buyers often end up in competition with one another, and the process can become an emotional rollercoaster. If you're planning to buy during a hot real estate market, it's doubly important to understand your wants and needs and get informed about the process so that you can keep a cool head in a hot market.

Here are a few key tips to keep mind.

First, **read and understand everything before you sign**. Real estate contracts are typically written to be legally binding. No matter how much pressure you're under, make sure you know what you're signing before you sign.

Second, **make sure you and your representative are on the same page**. Interview at least a few representatives and choose one you connect with. Be clear about the services they will provide and the approach to the buying process, including your ability to manage a fast-paced offer process.

Third, **leave your emotions at the door**. Make sure you know your wants and needs in a property, and the maximum you are prepared to pay, before you start viewing properties.

And finally, **know your tolerance for risk**. If you're thinking about submitting an offer without any conditions, be sure you're comfortable paying for unexpected repairs that a home inspection may have identified if your offer had been conditional on an inspection, or potentially losing your deposit (and possibly more) if your financing falls through.

When you hit the market, there's a good chance you'll find yourself in a competing offer situation – commonly referred to as a bidding war. There may even be times where the seller has listed their property with a delayed offer presentation date or at a seemingly low price to encourage multiple offers. It's important to understand how this will work before you're in the thick of it. Here are a few things you need to know.

First of all, the seller's representative must keep the details of any offers submitted by other buyers confidential. However, if you have submitted a written offer, the seller's representative must disclose how many competing offers have been received.

You'll also be told in writing if the seller's brokerage is representing one or more of the buyers.

As for your offer strategy, a high-priced offer may improve your chance of success, but remember that the seller can choose any offer, or reject all of them, using any criteria they choose. They don't have to accept the highest offer and sometimes prefer other terms like closing date, size of deposit or what's to be included to name a few.

I recommend getting advice from your salesperson and a mortgage professional as you determine your maximum offer. Sometimes the winning bid in competing offers may go well beyond the ask price, so it's important to be well versed about the market values in the area, something your salesperson can help you with.

Also keep in mind that if a home appraiser finds that the value of the property is less than the amount you have agreed to pay, you will have to make up the difference between the appraised (approved mortgage) value and what you agreed to pay in the offer.

In the coming weeks, I'll dig into each of the four tips in more detail.

If you have a question for Joe about the home buying or selling process, please email information@reco.on.ca.

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