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# WIN THE BID EVERY TIME, EVEN IN A COMPETITIVE MARKET

Real estate investors looking to get in on a fast-appreciating housing and rental market are facing the aftermath of one of the strongest seller's markets we've seen. So how do you come out on top without blowing your budget in a bidding war?



## CLEAN CONTRACTS

An attractive contract is clean and tight. Minimize your opportunities to back out by, for instance, having your loan fully underwritten before you make an offer. That means the sale isn't contingent on financing. It also helps to reduce or eliminate the seller's responsibility to repair or clean certain things on the property. Because you're going to rehab anyway, taking some of these things off the table eases the seller's burden and keeps the timeline tight.

While you don't want to compromise on necessary due diligence, there are some aspects you can forgo to make a nice, clean offer.

## KEEP NECESSARY CONTINGENCIES ONLY

While you want to keep contingencies like the home inspection, you can forgo others by being prepared well in advance. As an investor, you already have a leg up in that buying a property is not contingent on the sale of another. That in and of itself makes your offer more appealing. If you have your financing in order, you don't have to make that a contingency, either. You've done this before. Use that to your advantage.

## SHORTEN THE TIMELINE

For the most part, sellers want to close the deal and be out of the property within a month. This can vary, so know what your seller's timeline looks like. But oftentimes, the more you can shorten the timeline for closing, the better. Because you'll have fewer contingencies and will likely work with a familiar financier, you can afford to tighten up on the closing date.



## SWEETEN THE POT

What does your seller need? Sometimes the best offer on the table isn't the biggest. Offer to cover closing costs, pay for their mover, or pay for professional cleaning. Put down a larger down-payment or increase the amount of earnest money on the table. Talk to your seller and get a sense for what they need and value in the selling (and moving) process. You can target their needs and convenience for your advantage.

# ADD A PERSONAL TOUCH

Investors come into things with somewhat of a disadvantage when stacked up against traditional homebuyers. You're not likely to be writing a personal letter about how you're buying your first home with your spouse while you have a child on the way! It's still possible, however, to instill some pathos into your offer. Investors can carry a bad (and unfair) reputation.

Make it clear that you care about the home that you're buying and intend to take good care of it and find the best people to live there. Demonstrate that the property is something you care about - not just numbers on a spreadsheet.

# DON'T FORGET THESE PRINCIPLES...

## SET CLEAR GOALS & BOUNDARIES

Before you think about ways to present the best offer on the table, you must know where you stand. Real estate investors rely on the numbers to make their purchase worthwhile. Investigate your targets for things like cash-on-cash returns, income-to-debt ratios, cap rates, and net operating income. If you know on a theoretical level what you can afford and still turn a nice profit, you can better target properties and craft favorable offers.

## BE PATIENT

Don't take just any opportunity that comes your way. Define your standards for the market, type of property, location, and price point. Be okay with letting an opportunity go if it winds up being contrary to your goals. You want any property you pursue to be the right fit for your portfolio and long-term vision.

## REFUSE COMPROMISE

Do not, repeat, do not compromise on necessary homebuying procedures. Don't waive an inspection or appraisal. This is how you end up with unexpected expenses and a load of regret. Additionally, don't look for wiggle room in your standards. An opportunity should not guide nor change your investment goals or move necessary financial indicators.