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Should You Buy or Sell First?

BUYER RESOURCE GUIDE

One of the most stressful decisions for Calgary homeowners making a move is timing: do you buy your next home before selling your current one, or sell first and then search? Each approach carries distinct advantages and risks — here is how to decide.

Option 1: Buying Before You Sell

Buying first means you find and secure your next home while still owning your current property. For many Calgary families, this feels like the safer emotional choice — you know exactly where you are going before you give up what you have.

Advantages

- **No rush to find a home:** You can take your time, be selective, and avoid settling for a property that does not truly meet your needs
- **One move:** You move directly from your current home to your new one, avoiding the cost and disruption of interim housing
- **Renovation flexibility:** You can renovate or prepare your new home before moving in, which is especially valuable if it needs work

Risks

- **Carrying two mortgages:** If your current home does not sell quickly, you may be responsible for two mortgage payments, two sets of property taxes, and two sets of utilities
- **Bridge financing costs:** A bridge loan covers the gap between buying and selling, but it comes with interest costs and requires your lender's approval
- **Pricing pressure:** If your current home sits on the market longer than expected, you may feel pressure to reduce the price to avoid the ongoing financial strain

When this works best: Buying first is most viable when you have significant equity in your current home, strong cash reserves, or a high degree of confidence that your property will sell quickly in the current Calgary market.

Option 2: Selling Before You Buy

Selling first means you list and close on your current property before committing to a purchase. This is the financially conservative approach and the one most mortgage professionals recommend.

Advantages

- **Know your exact budget:** Once your home sells, you know precisely how much equity you have to work with — no guessing
- **Stronger buying position:** A buyer with no conditions on the sale of another property is more attractive to sellers, especially in competitive situations
- **No risk of two mortgages:** You eliminate the financial exposure of carrying two properties simultaneously

Risks

- **Interim housing:** If you cannot find your next home before your possession date, you may need to rent temporarily or arrange short-term accommodation
- **Storage costs:** Your belongings may need to go into storage during the gap between homes
- **Pressure to buy:** Knowing you have a deadline can lead to rushed decisions or settling for a home that is not the right fit
- **Market movement:** In a rising Calgary market, prices may increase between the time you sell and the time you buy, reducing your purchasing power

When this works best: Selling first is ideal when you need maximum financial clarity, when your current home may take time to sell, or when you are buying in a market segment with plenty of inventory to choose from.

Option 3: The Conditional Offer

A conditional offer allows you to make an offer on a new home that is contingent on the sale of your current property. This is a middle-ground approach, but it comes with trade-offs.

- **How it works:** Your offer includes a condition stating that the purchase is subject to the sale of your existing home within a specified period, typically 30 to 90 days
- **Seller's perspective:** Many sellers in Calgary are reluctant to accept conditional offers, especially if they have other interested buyers. Your offer may be less competitive
- **The escape clause:** Most conditional offers include a 48- or 72-hour escape clause, meaning the seller can continue to market the property. If another offer comes in, you must either remove your condition or walk away

Conditional offers work best in a slower market or when the property has been listed for an extended period. In Calgary's competitive spring market, they are often a non-starter for desirable properties.

How Calgary Market Conditions Affect Your Decision

The right strategy depends heavily on what the Calgary market is doing at the time of your move. Key factors to evaluate with your REALTOR include:

- **Average days on market:** If homes in your community are selling in under 20 days, buying first carries less risk because your current home is likely to sell quickly
- **Inventory levels:** Low inventory in your target buying area means selling first could leave you struggling to find a replacement home
- **Price trends:** In a rising market, selling first means you may pay more for your next home. In a cooling market, buying first means your current home may sell for less than expected
- **Seasonal patterns:** Calgary's spring market (March through June) typically favours sellers, while fall and winter offer more opportunity for buyers. Timing your transition around these cycles can make a significant difference
- **Interest rate environment:** Rising rates reduce buyer purchasing power, which can slow the sale of your current home while also limiting what you can afford on the buy side

Financial Considerations

Before deciding on your approach, sit down with your mortgage broker and your REALTOR to review these numbers:

- 1 Current equity:** How much equity do you have in your existing home? This determines whether bridge financing is feasible and how much you can put toward your next purchase
- 2 Pre-approval amount:** What can you qualify for based on your income, debts, and credit? Can you carry two mortgages temporarily if needed?
- 3 Bridge loan availability:** Not all lenders offer bridge financing, and it requires a firm sale on your current home. Understand the terms and costs before relying on this option
- 4 Closing cost reserves:** You will have closing costs on both the sale and the purchase. Ensure you have enough liquid funds to cover both without straining your finances
- 5 Carrying cost tolerance:** Calculate exactly what it would cost per month to carry two properties — mortgage payments, taxes, insurance, utilities, condo fees — and determine how many months you could sustain that

Calgary advantage: Alberta has no provincial land transfer tax, which reduces the financial burden of buying your next home compared to provinces like Ontario or British Columbia. This can free up funds that help bridge the transition between properties.

Tips for Managing the Transition

- **Start with a CMA:** Before you decide on a strategy, get a comparative market analysis on your current home so you know what it is likely to sell for
- **Get pre-approved early:** Understand your purchasing power before you list or start looking
- **Negotiate a longer possession:** Whether buying or selling first, negotiating a 60- to 90-day possession period gives you more time to coordinate the transition
- **Consider a rent-back agreement:** If you sell first, you may be able to negotiate staying in your home as a renter for a short period after closing
- **Have a backup plan:** Identify short-term rental options in Calgary in case you need interim housing. Furnished rentals in communities like the Beltline and East Village offer month-to-month flexibility
- **Work with one REALTOR for both transactions:** An agent who understands both sides of your move can coordinate timelines and negotiate strategically on your behalf

The bottom line: There is no universally right answer — the best approach depends on your financial position, your risk tolerance, and current Calgary market conditions. A REALTOR who knows your neighbourhood and a mortgage broker who knows your numbers are the two people who can help you make this decision with confidence.