

SOLD BY SILVANA

How to Set Your Offer Price

BUYER RESOURCE GUIDE

Your offer price is the single most important element of your purchase. Too low and you lose the home. Too high and you overpay for years. Here is how to determine and structure an offer that wins — without leaving money on the table.

Market Value vs. Listing Price

The listing price is what the seller is asking for. Market value is what the property is actually worth based on recent comparable sales, current market conditions, and the specific characteristics of the home. These two numbers are not always the same — and understanding the gap is where smart buyers gain an advantage.

Some sellers price aggressively to generate multiple offers and drive the final price above asking. Others price aspirationally, hoping for a buyer who will pay a premium. A few price accurately based on solid market data. Your job, with your REALTOR's guidance, is to determine where market value actually sits — regardless of what the listing price suggests.

Key principle: Never anchor your offer to the listing price alone. Anchor it to the data — comparable sales, current inventory, days on market, and the specific condition and features of the property. The listing price is a starting point for negotiation, not a statement of value.

Analyzing Comparable Sales

Your REALTOR will prepare a comparative market analysis (CMA) for any property you are serious about. This analysis examines recent sales of similar homes in the same area and adjusts for differences. Here is what goes into a strong CMA:

- 1 Recent sold prices:** The most relevant data comes from homes that sold within the past 60 to 90 days in the same neighbourhood or an adjacent comparable community
- 2 Property similarities:** The best comparables match in size, age, lot dimensions, number of bedrooms and bathrooms, and overall condition
- 3 Adjustments:** No two homes are identical. Your agent adjusts the comparable prices up or down for differences — a finished basement adds value, a busy street location reduces it, a newer roof is a plus, and so on
- 4 Sale-to-list ratio:** This reveals how the comparable homes sold relative to their asking prices. If similar homes are consistently selling at 98 percent of asking, that tells you the market's negotiating pattern
- 5 Expired and withdrawn listings:** Homes that failed to sell provide insight into what the market will not pay. If a comparable home expired at \$550,000, that price point is likely too high

In Calgary, where pricing patterns vary dramatically between communities — and even between streets — a hyper-local CMA is essential. City-wide averages are meaningless when comparing a bungalow in Renfrew to one in Panorama Hills.

Reading Market Conditions

Beyond comparable sales, the broader market context influences how aggressively you should price your offer. Your REALTOR should walk you through these indicators for your specific target area:

Days on Market (DOM)

How long are similar homes sitting before they sell? A low DOM (under 15 days) indicates strong demand and suggests you may need to offer at or above asking. A high DOM (over 45 days) signals a slower market where you have more room to negotiate.

Months of Supply

This metric divides the number of active listings by the monthly sales rate. Below two months is a seller's market. Above four months favours buyers. Calgary's overall months of supply fluctuates, but conditions vary significantly by property type and price range — the detached market under \$600,000 may be tight while the luxury condo market has excess inventory.

Price Trends

Are prices in the neighbourhood trending up, flat, or down over the past three to six months? A rising market means today's comparables may understate what you will need to pay. A declining market gives you leverage to offer below recent sales.

Seasonal Patterns

Calgary's real estate market follows predictable seasonal cycles. Spring (March through June) is the most active and competitive period. Summer slows as families focus on vacations. Fall brings a secondary wave of activity, and winter is typically the quietest — and often the best time to negotiate.

Calgary insight: Market conditions in Calgary can shift quickly due to the city's sensitivity to energy sector employment, interprovincial migration, and interest rate changes. A market analysis from three months ago may already be outdated. Ensure your REALTOR is working with current data, not stale numbers.

When to Offer At, Below, or Above Asking

Offering at Asking Price

This is appropriate when the home is fairly priced based on your CMA, market conditions are balanced, and you want to signal serious intent without overpaying. In many Calgary transactions, an at-asking offer is a strong starting position.

Offering Below Asking Price

A below-asking offer makes sense when:

- The home has been on the market for an extended period (30+ days)
- Your CMA indicates the listing price exceeds market value
- The property needs significant repairs or updates
- You are buying in a slower market segment with plenty of competing inventory
- The seller is motivated (relocation, estate sale, divorce)

How far below asking depends on the data. A 5 percent reduction from an overpriced listing is reasonable. A 15 percent lowball on a fairly priced home will likely be dismissed without a counter.

Offering Above Asking Price

In multiple-offer situations, you may need to offer above asking to win. This is most common in Calgary's spring market for desirable detached homes in popular communities. Before you go above asking, ensure:

- Your CMA supports the higher price — comparable sales should validate what you are offering
- The property will appraise at or near your offer price if you have a financing condition
- You have determined your maximum price before entering the bidding and can walk away if it exceeds your limit

Multiple Offer Strategies

When a desirable Calgary property attracts multiple offers, the dynamics change. Here is how to position yourself competitively without making reckless decisions:

- 1 Know your ceiling:** Before you write an offer, determine the absolute maximum you are willing to pay. Write it down. Do not exceed it in the heat of competition
- 2 Put your best offer forward:** In a true multiple-offer scenario, you often get one chance. Unlike a negotiation where you go back and forth, the seller may simply choose the best offer on the table. Lead with strength
- 3 Minimize conditions:** If you are comfortable doing so — and have discussed the risks with your REALTOR and lender — reducing or removing conditions can make your offer more attractive. A pre-inspection before the offer deadline is one way to reduce risk while still offering clean
- 4 Increase your deposit:** A larger deposit signals commitment and financial strength. In Calgary, a standard deposit is 1 to 3 percent of the purchase price, but offering more can differentiate your offer
- 5 Be flexible on possession:** If you can accommodate the seller's preferred possession date, that flexibility can tip the scales in your favour

Critical reminder: Never waive your financing condition without explicit confirmation from your lender that your mortgage is approved for that specific property and price. A pre-approval is not the same as a full approval — the lender still needs to approve the property itself.

Conditions and Terms That Shape Your Offer

Your offer price is just one element. The conditions and terms you include affect both the strength of your offer and your level of protection:

- **Financing condition:** Gives you a specified period (typically 5 to 10 business days) to secure formal mortgage approval. Essential unless you have unconditional lender approval or are paying cash
- **Inspection condition:** Allows you to hire a professional inspector and negotiate repairs, credits, or withdrawal based on the findings. Standard condition period is 5 to 7 days
- **Condo document review:** For condominiums, this gives your lawyer time to review the reserve fund study, financial statements, bylaws, and any pending special assessments. Typically 10 days
- **Sale of buyer's property:** If you need to sell your current home first, this condition protects you but significantly weakens your offer in the seller's eyes

Deposit Amount Considerations

Your deposit (also called earnest money) is held in trust by the listing brokerage and applied to your purchase on closing. It demonstrates your commitment to the transaction.

- **Standard range:** In Calgary, deposits typically range from \$5,000 to \$25,000, or 1 to 3 percent of the purchase price
- **Competitive advantage:** A larger deposit can strengthen your offer, particularly in multiple-offer situations. It signals that you have the financial resources and the seriousness to close
- **Risk consideration:** If you default on the purchase without a valid condition to rely on, you may forfeit your deposit. Ensure you are comfortable with the amount at risk
- **Timing:** Deposits are typically due within 24 to 48 hours of offer acceptance. Have the funds readily accessible in your bank account

Possession Date Strategy

The possession date is when you take ownership and move in. In Calgary, the standard is 30 to 60 days after an accepted offer, but flexibility here can work in your favour:

- **Match the seller's preference:** If the seller needs a quick close (estate sale, relocation) or a longer timeline (buying their next home), accommodating their timeline can make your offer more attractive than a higher-priced competitor with rigid dates
- **Coordinate with your own timeline:** If you are selling a home, renting, or relocating, align the possession date with your logistical needs
- **Avoid month-end:** Lawyers, movers, and lenders are all busiest on the last business day of each month. Choosing a mid-month possession date can make the process smoother and sometimes cheaper

The Role of Your Agent

A skilled buyer's agent does far more than write up the paperwork. In the offer process, your agent should:

- **Research the property thoroughly:** Review the listing history, days on market, any price changes, and comparable sales before you write an offer
- **Gather intelligence:** Communicate with the listing agent to understand the seller's priorities, timeline, and whether competing offers exist
- **Advise on strategy:** Recommend an offer price supported by data, and explain the trade-offs of different condition and term combinations
- **Negotiate effectively:** Handle counter-offers with professionalism and strategy, keeping your interests front and centre while working toward an accepted deal
- **Manage timelines:** Ensure all condition dates are met, coordinate with your lender and lawyer, and keep the transaction on track through to closing

The bottom line: Setting the right offer price is a blend of data, market awareness, strategy, and discipline. It is not about guessing or gambling — it is about making an informed decision backed by evidence and guided by a REALTOR who knows the Calgary market inside and out. The goal is not just to win the home, but to win it at a price you will feel good about for years to come.