



## How to Dominate the Bidding War and Win a House You Actually Want to Buy

### Description

Piñatas. What kid doesn't like a piñata, right? It's a colourfully decorated papier-mache object that you bludgeon with a bat until it drops candy on the grass. It's a great pastime, right?

Now, imagine a piñata with only *one* prize: a hundred-dollar bill. Yeah — even adults would enter the fray when that piñata finally breaks.

That, in a nutshell, is the housing market in Canada. When a house is listed, buyer after buyer (some of whom have been doing this for over a year) take a swing at the price, bidding higher and higher, until the seller finally caves.

And so far, the housing party in 2022 doesn't look any less frantic. Housing starts in Canada decreased by 3% in January, producing around 15,000 less units than expected. The housing shortage, coupled with outrageously high bidding prices, is making more losers than winners. How can Canadian homebuyers dominate in a housing market that seems like it's designed to work against them?

It's not going to be easy. But here are four ways you can dominate the housing market this year.

### 1. Erase contingencies

To stand out from other homebuyers, you'll want to appear the most flexible — that is, you want to clear as many obstacles for sellers *before* you make an offer.

At the very least, you'll want to get a mortgage pre-approval. With a pre-approval in hand, sellers know you have already started the mortgage process. It shows you're creditworthy, and it shows just how much mortgage a lender is willing to give you.

Another condition you could eliminate is the home inspection. To be clear, this can be risky. Byskipping the home inspection, you could inherit expensive problems. But if you're determined to buy ahome this year, that might be a risk you just have to take.

## 2. Pay in cash

Look, I get it — paying \$1 million in cash might not be realistic for most Canadians.

But it's worth saying anyway: if you want to dominate the market in 2022, then you better have a significant amount of cash on hand.

You don't have to pay the entire amount upfront. At the very least, you could have 20% of your down payment. But the more cash you have, the less you have to borrow, which could help you when bidding wars push prices to levels most homebuyers simply can't afford.

## 3. Make a preemptive offer

Many homebuyers don't win houses by bidding outrageously high prices. They win houses simply because they contacted the seller before everyone else.

This is sometimes called a "bully offer." It works like this: you and your real estate agent make a preemptive offer on the house (usually above the list price) before the house is officially listed. If the seller likes the offer, they sell it to you, without launching a bidding war. It's legal, even if it might seem unfair, and if you have cash on hand, a bully offer might help you get ahead of the game.

Of course, there's no guarantee the seller will accept your offer. After all, they might want to wait to see what other offers they get. But if you present your case first, and no other offers match yours, you could still win the auction.

## 4. Write the seller a handwritten letter

Before the housing market went bonkers, this tip used to be the simplest way to stand out: write the seller a neat, legible, and smear-free letter, letting them know how much you love their home, as well as stating (or restating) your offer.

These days, with homes selling faster than you can handwrite a letter, it might be difficult to execute this one in time. Still, if you're in a bidding war, writing a letter in your own handwriting might just make you stand out, especially if your offer is competitive.

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