



How to Win a Bidding War

READING TIME: 10 MINUTES



BIDDING WARS TODAY CAN BE BRUTAL.

In Miami, buying agents are finding it challenging to even get a showing from listing agents overwhelmed with demand.

In Jacksonville, homes are selling so fast, the appraisals, which are still based on prices six months ago, aren't meeting the current sales prices.

"If you are at all in a decent location and priced well here, you're going to sell in a few days," says Kevin Grant, broker/owner of Jacksonville's Staged to Sell Realty, which recently represented one hot property that attracted 22 offers.

While the holidays are typically the quiet season, Marianne Fearon, a Jacksonville-based agent with BHHS Florida Network Realty, says the rush that began in February 2020 and then "just got insane" in April has only gained momentum. "People are looking at homes virtually and buying them sight unseen, especially at the beach areas," she says.

While demand is hot nationwide, the buying frenzy is particularly hot in the Sunshine State, where business-friendly taxes are lower and the typical home value was \$262,000 in December, according to Zillow.

In Tampa, where there's a strong diverse economy, military base and an active tech sector, C21 Beggins Enterprises broker/owner Craig Beggins says, "If it's under \$1 million, it typically sells within the first week. One of our agents got two listings and each had 14 offers."

Beggins' agents are fielding buyers from California, New York, Virginia and Washington D.C., who come to visit then decide to stay and live in a sunny location that costs less to buy than what many are spending on rent in their current cities.

What's Driving Today's Real Estate Bidding Wars?

Tight inventory, low interest rates, migration and an increase in multigenerational households have all fueled the fierce sellers markets that are setting off bidding wars coast to coast.

The pandemic has triggered a restructuring of the U.S. household with families downsizing and upsizing, moving between and out of state, and more millennials living with their parents in 2020 than at any time since World War II.

Fortunately, there are steps both buyers and listing agents can take to make their offers prevail in the tough vetting that is defining today's hot sellers market.



10 Ways to Win a Bidding War as a Buying Agent

1

Mentally Prepare the Customer

Many buyers enter today's market with unrealistic expectations that can easily cause them to lose a bid on a dream house or, at the least, delay the process.

Fearon notes that many buyers enter the transaction looking for a deal and maybe even wanting to offer \$10,000 or \$15,000 below list. "It's just not that market anymore," she says. "And for a pool home in Florida? Don't even think about lowballing. Pool homes are gone in less than 24 hours."

For best results, buying agents need to prepare their clients mentally for multiple bid scenarios in which the highest and best offer wins. Let them know upfront that they may need to make an offer over the list price and be on call to respond quickly to get the home they really want.

"Having prequalified letters and making sure buyers understand the value of speed are all keys to winning a bidding war," says Grant.



2

Arrange to Meet Agent In-Person

Miami-based Vera Realty Broker Nick Polyushkin, whose agency hired 20 recruits in 2020 alone, coaches his agents to schedule an in-person showing, exchange cards and follow-up the same day.

“If emails and calls go unresponded, most of the time that means the listing agent already has three other offers in their in-box,” says Polyushkin. “Go to their office, grab a coffee and give them an offer in person.”

3

Ask Targeted Questions

To win the bid on a hot property, buying agents must ask the right questions. Price isn’t always the winning factor in a bidding war, but having the right information at the right time almost always turns the key.

“Try to make a connection with the listing agent, because your offer is probably not the only one,” says Polyushkin.

Agents who ask the listing agent questions discover new ways in which to craft an attractive offer. The sellers may need time or an option to rent back the property for a few months while their new construction home is completed. Or maybe they’re looking more for a firm deal than a higher price.

Ask the listing agent targeted questions such as:

What are the sellers looking for in terms of a closing date?

Is there negotiation room for repairs?

How long has the seller lived in the house?

How many offers have been received to date?

“We try to find out anything that would help write an offer,” says Dino Sinopoli of RE/MAX Agency One LLC, Destin, FL. “If you know the seller wants to close in 20 to 30 days and you can coordinate with the buyers, that can be helpful. Or, you might find out the seller needs 60 days. I had one seller who wanted extra time in the house. We adjusted the contract to close early but let the seller rent the house for a month while they were building a new house. That was a dotloop win for letting us change everything on the fly,” Sinopoli says.

4

Sign the Letter. Seal the Deal.

Buyers can also create a bond with the seller through a well-crafted letter explaining their motivations for wanting the house. If the discovery questions to the listing agent reveal, for instance, that the seller has lived in the house for many years and was active in the local community, a well-written letter from the buyer can tap into that emotional connection and get their attention.

Ken Laroza, Broker Relations, Director, for Zillow’s Canadian market, personally won a negotiation for his then-girlfriend, current-wife when she bid at a significantly lower price point than other bidders on a home in Toronto. He explained in the letter that it’s her first home and she loved the neighborhood and wanted to start a family there. The property had been on the market for several months and the owner had turned down several offers from builders and renovators, all bidding at a similar price point.



“I argued that she wasn’t interested in renovating and selling the property but wanted to become part of the community and set down roots. They liked the story and, ultimately, she won the property,” says Laroza.

5

Drop Contingencies

Foregoing conditions may not always be feasible, popular or in the best interest of buyers, but removing any barriers to a close can heavily influence a seller’s decision over who ultimately wins the offer.

“Most sellers want cash now and as few obstacles in the way, which often means deleting contingencies, like asking for a home warranty, for instance,” says Sinopoli.

6

Offer Buyer’s Highest Bid Upfront

When prepping a client for a purchase offer, Laroza advises buying agents to always ask their client, “At what price are you willing to lose it for?” If they would be willing to lose a \$850,000 listing at \$890,000, then offer \$892,000. In a hot bidding war, there’s only one chance.”

While some buyers will say, “Let’s present this offer and then see what they say,” all too often the seller has already awarded the bid to a higher offer.

That said, the process has to start slowly with some buyers before they can ramp up to a winning bid. “I see lots of agents say, ‘Why am I going to waste my time?’ But you’re not. You’re going through the process of having your client submit an offer. You’re prepping them for the ultimate purchase,” says Laroza.

7 Raise the Deposit

Beggins in Tampa encourages his buying agents to ask larger deposits of their clients as a means of demonstrating greater interest to sellers.

“If someone puts down \$1,000 versus \$10,000, who looks more serious? Those with FHA and VA loans with low down payments are at a disadvantage in this market because they’re losing to cash buyers and those with large deposits. Our market uses a lot of ‘as is’ contracts, meaning they can cancel for any reason, so we try and secure a big deposit after inspection to signify that the buyer is intending to move forward. Remember, just because a seller has an offer doesn’t mean it’s sold,” says Beggins.

8 Draft an Escalation Clause

Beggins also finds an escalation clause can help procure a winning bid. His agency will often include such a clause that states the buyer will beat any offer by 1% up to a certain capped amount.

Consider for example, a seller lists their property at \$275,000 and has announced that all offers

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will be presented to the seller on a designated day, thus signalling a multiple bid situation. The seller receives offers at \$275,000, \$280,000, \$290,000 and one with an escalation clause stating that the buyer agrees to pay 1% more than the highest offer received but not to exceed a sales price of \$295,000. In this case, the buyer has offered \$292,900 (highest + 1%), a competitive bid that doesn't exceed the buyer's budget.

9

Create a Loop

Dotloop users find creating a loop before a showing gives them a jump-start on making offers. Brent Davies, an admin for David Dorman, C21 Professional Group, Ocoee, FL, for instance, always begins the broker/buyer introduction with a loop containing the broker relationship disclosure form.

With all the documents and forms built into the loop's pre-populated Templates, dotloop makes it easy to "fire off an offer within minutes," he says.

"I had an agent who, when we first rolled out dotloop, completed the contract in a bank parking lot while the client received her pre-approval. The agent had the client sign everything on her cell phone, took a picture of the preapproval letter and sent everything over to the listing agent on the spot," says Davies.

The mobile app gives buying agents a huge advantage with the freedom to write up a contract anywhere, anytime using their smartphone, tablet or laptop, says Polyushkin. "Submitting an offer in dotloop shows the listing agent that you are proficient and that any changes can be done easily and quickly. And for me, as the broker, I can see the contract within seconds and review instantly if needed."

Because the collaboration platform brings all parties to the loop, Laroza adds, listing agents are more likely to want to work with that buyer. “Dotloop is the path of least resistance.”

10

Text Contracts from the App

Texting the offer from dotloop’s mobile app helps bypass the clutter of bids rushing into a listing agent’s email in-box while helping to ensure faster response times from customers.

“The speed in which you can get things accomplished by using dotloop’s mobile app and the fact that the customer doesn’t have to log into a web page — makes it so convenient,” says Davies, who uses text messaging for both buyers and sellers. “The response time is much quicker than if done by email because people don’t check their email every minute of the day, but they will check their text.”



5 Ways to Better Manage a Bidding War as a Listing Agent

In today's hot sellers market, it's easy for listing agents to simply post the listing to the MLS and wait for the bids to arrive. But there are steps that sellers can take to improve their position and get the best deal possible.

1 Stage for Success

In Jacksonville, where home values have gone up 7.5% over the past year and Zillow predicts they will rise 8.4% in the next year, Staged to Sell Realty Broker Kevin Grant says listing agents who take the extra effort to stage and arrange for professional photography will almost always attract more prospects on the first showing and command more offers at higher prices. "This allows us to sell faster and more homes in a sellers market and shine even more in a buyers market," says Grant.

2

Pre-Certify Home

Certifying a home's condition can also lead to higher quality bids. Craig Beggins, broker/owner of C21 Beggins Enterprises, Tampa, finds his Certified Pre-Loved Homes program helps qualify the seller by getting the home inspected before it hits the market. Even in today's hot sellers market, this extra level of confidence in the house helps buyers feel good about offering high bids with fewer contingencies. The certified program provides full disclosure of the home's status, including a title check, permanent lien check and any needed repairs. On the flipside, homes that don't get pre-certified but have needed repairs may get multiple offers but ultimately sell short.

3

Hold on Upfront Offers

Many agents and brokers have found success in waiting a few days after listing to entertain offers. "I tell my agents to quit accepting offers on the first day," says Beggins. If, for instance, a listing hits the MLS on a Thursday, the agent may hold all offers until the following Monday to give them enough time to compare all factors — price, contingencies, loan terms, down payment — before making their ultimate choice.

This strategy banks on the odds that the sustained interest will build demand and lead to favorable offer terms.

4

Organize and Streamline Offers with Easy Offer™

The **Easy Offer**™ feature within dotloop offers a convenient way for listing agents to share a folder and its documents in a loop via a public link. The agent can promote the listing by placing the link



in an email or on social media and share the information and any documents with buying agents and prospects.

Clients and agents can easily submit an offer using the link with each receiving its own folder within the loop. The loop automatically adds the agents to the loop, while the listing agent maintains complete control over what information the buying agents see.

5

Control the Narrative

In a bidding war, the listing agent holds the power and needs to guide the situation, particularly where multiple bids are at play. Laroza recommends listing agents define any timelines and set the parameters for how the transaction will be conducted.

“I used to tell agents, ‘Show all the properties and send an email stating, ‘This is the process that’s going to be followed. This is my preferred closing date. Here’s the inspection, and here’s my preferred transaction process.’ Otherwise, it can be super stressful for your sellers. By controlling the conversations and how things are going to be delivered to their client and to them,” Laroza says, “the client will say after all is said and done, ‘That was super easy.’”