

Tips for Buying in a Tight Market

Special Report Presented
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Just as summer temperatures heat up in sections of the country, home sales in pockets of the nation are sizzling, too. That's great news for sellers, but is enough to make a potential buyer's stomach churn watching prices mount on a monthly basis.

So, if you are a buyer, it's more important than ever to be prepared and be ready to make an offer at a moment's notice.

That's especially crucial in a hot market where entry- and move-up homes are receiving multiple offers.

Strong demand and low supply have been in effect for the last few years. So far this year it has been typical to see more buyers looking than (there are) homes for sale. Like 2002, and so far in 2003, inventory is still low and demand is strong.

Many areas in Canada are experiencing a dwindling inventory of homes and soaring prices.

With a low inventory and higher prices, it is necessary to know certain steps when buying a home in this type of a market.

So what's a buyer to do? For starters, you should:

- Research and determine what you want beforehand - how many bedrooms, approximate square footage, preferred neighborhoods, and how much you can afford to spend.
- Make sure your credit report is accurate. There would be nothing worse than finding the perfect house and missing your chance to make an offer because there's an error on your credit history that places you in an unfavorable light with a lender.
- Get pre-qualified for a mortgage before you begin looking at homes. Not only will this give you an exact price range for your purchase, but pre-qualification will add muscle to your offer.
- Stay in close contact with your agent and clearly express your needs. This is especially important if you're in a market where inventory is low. You'll want to be notified as soon as a home that fits your criteria goes on the market. A good agent in a tight market stays on top of the listings on a daily basis and calls you the minute a good match shows up, especially in communities where homes are listed and pending sale in the same week, or even same day.
- Use the Internet to scout out new listings on the Multiple Listing Service, www.mls.ca in Canada or www.realtor.com in the United States.
- Keep in mind that there's no such thing as the "perfect" home especially if you're in a market where prices have been consistently rising. Instead, set priorities. Determine what you're willing to sacrifice.

- Bid competitively. Keep in mind you'll likely be competing against other offers. Now's not the time to play games and how low the seller will go.
- Forget about making a contingent offer. When multiple offers are flying, a contingent offer - one that is based upon you selling your house first - will wind up in last place. Sell your house first, have your down payment in hand, and be ready to rent or live with family or friends temporarily.
- Get a professional inspection before you buy the home and sign the final mortgage loan papers. Otherwise you'll be left in the dark about any hidden defects in the property.

Most importantly, if you're determined that now is the time to buy, don't be timid. You'll need to be ready to act on a moment's notice and present an attractive offer as soon as you see that close-to-perfect home that hits the market.