

Offer high? Offer low? What's a buyer to do?

Story by Tom Peterson • 2w • 5 min read 5-1-25

As home sales awaken from a prolonged winter slumber, for-sale signs sprout like daffodils.

Usually, however, they offer little information to buyers other than a listing agent and, at most, an "I'm gorgeous inside!" pitch. They are just an entry point to what home shoppers really want to know: the listing price, which for most buyers spells the difference between homeownership dreams and reality.

But for potential buyers, especially in markets with low inventory, there's uncertainty as they consider what, for most, is the biggest financial decision of their lives. Are those listing prices strategically low to attract buyers or high to hope for a high-flying bid?

"Those two approaches and everything else except for one are false flags," said Gary Ditto, of the Ditto Group in Bethesda, Maryland. "They're fundamentally flawed."

Whether markets heat up or cool down, determining "fair market value" is vital. *

Wondering whether a house was purposefully priced too low, betting on a bidding war?

"Sure, there are some that do that," said Creig Northrop, founder and CEO of Northrop Realty in Clarksville, Maryland. "There's a danger in pricing it too low."

The tactic might lock in low expectations, agents say.

Bidding wars occur, but they are generally sparked by factors other than initial price.

"It is extremely dependent on the area that you're in and the type of home [a seller] is offering," said Jessica Lautz, deputy chief economist and vice president of research for the [National Association of Realtors](#). "... It's also probably population dependent, so if we think about an area with a lot of young adults versus perhaps families, you may see a demand for a different type of housing product."

Pricing a property too high, meanwhile, is an iffy gamble as well.

"As they say in the military: 'Hope is not a strategy,'" Ditto said.

According to the National Association of Realtors, a house priced correctly puts it in front of the most likely buyers and is more likely to sell quickly. Homes, NAR data shows, have their prices cut an average of 5.2 percent if they are still for sale 61-90 days after their listing. After 120 days, the average price reduction increases to 8.4 percent. NAR records of sales prices compared to listing prices show that metric follows the overall market. For example, in recent years, 58 percent of the sales in March through May of 2022 sold above listing price. In the slow months of October through December of 2024, the number fell below 18 percent. *

Pricing strategies vary among real estate agents, Lautz said, but the most effective ones share a common value. They do their homework.

"They'll determine pricing through a number of strategies so looking at comps in your neighborhood and making sure that your home looks like the other homes that were recently sold," she said. "If you've done a lot of remodeling work, that's not going to be reflected in looking at perhaps a home that's next door. So really making sure that you are receiving the best price that you possibly can by doing their research and their homework."


For local real estate agents, the key is trusting the process.

"I know that I'm not smarter than the market," Ditto said, "and so we are going to put that house on the market probably on a Thursday, of course. We do all the things you need to do, like the fact sheet and the photography, which is very spectacular, right? It's all professional performance. It's just great, so we do all the basic things you need to do, which are really pretty straightforward."

Listing on a Thursday allows offers, which can vary greatly in dollars and conditions, to come in over the weekend. "I don't intend to look at contracts over the weekend unless you, the owner, directed me to do that," Ditto said. "And what I'm going to recommend is that we go through the weekend and we touch base on Monday."

That wait, for sellers and potential buyers alike, might be the most stressful period of the process. If a bidding war is going to occur, this is the time. The prepared and proactive bidders are most likely to prevail, agents say.

When a job offer meant a move from Alexandria, Virginia, to the Richmond area, Elaine and Lee Bobo initially rented a home. When their landlords sought to return to the home, the Bobos entered the market in 2020. Pandemic restrictions complicated house hunting, limiting access. Still, the market for the house and neighborhood they sought was competitive.

"I think we were in a market that it was more what you were willing to bear as opposed to was it a good price or not, in the sense that we kind of knew where we wanted to be and we knew kind of what our limits were," Elaine Bobo said. 

Through previous home purchases, the Bobos knew an effective real estate agent needed more than experience and a list of comps. They sought a good listener with a strong feel for the local markets.

"We've always gotten someone who's experienced and has been in the market, but that doesn't necessarily mean that they're actually good," Bobo said.

A strong believer in the value of personal connections, Bobo found an agent who was the sister of a college friend and a lifelong Richmond resident. "The family had been in real estate, so she grew up knowing it, and really knew her stuff and stayed on top of it. ... I think that made all the difference in the world."

The market was moving fast.

"Working with her, she knew kind of what we wanted [and] wasn't even going to show us anything that wasn't appropriate," she said.

Bobo noticed a listing on a Thursday afternoon. They viewed the property the next morning at 10 and put in an offer. Offers were to be reviewed Sunday, but then came the curveball: a competing offer that was good only through Friday evening.

"So our realtor kind of worked her magic, too and said 'Well, here's our offer and we'd like it reviewed by Friday evening, too,'" she said. "And we got it that night."

But it took more than timing. They offered a fast closing and other conditions, most importantly an escalation clause. It boosted the price \$50,000 above the listing but secured the deal.

Ultimately, the purchase decision comes down not to the listing price, but what the eventual buyer is comfortable paying.

"As long as you feel comfortable with the price where you're not getting bilked or anything like that," Bobo said, "all you're doing is you're adding value."

