

CONSUMER GUIDE: NAVIGATING MULTIPLE OFFERS

When your home is on the market, you may receive offers from multiple interested buyers. Offers can vary greatly, and you will need to determine which one is best for you. Here's what sellers should know:

How can offers differ? While the price of an offer is a key consideration for sellers, it is only one of several elements that can vary between offers. Other factors such as financial terms, contingencies, closing timeline, and [earnest money](#) deposits can make offers more or less attractive to sellers. Given multiple inputs, the strongest offer may not be the one with the highest price.

How do I decide which offer is the best for me? Your agent will work with you to help you determine the best offer based on your specific needs and priorities. For example, sellers who want to move as soon as possible may be drawn to quicker closing timelines, and sellers prioritizing a simpler transaction process may prefer all-cash offers that eliminate the need for [mortgages and financing](#).

What is a counteroffer? When a seller "counters" an offer, they are responding to a potential buyer's offer with different proposed terms. This could mean asking for a higher price, or the same price but with different terms, contingencies, or timing. In some cases, sellers may disclose details about one buyer's offer to try to convince another buyer to make a "better" offer. It is important to remember that sending a counteroffer voids the original offer, so the seller cannot go back and accept the original offer.

How can sellers negotiate multiple offers? When handling multiple offers, sellers may simply accept the "best" offer or may decide to use a negotiation strategy. Some may inform all potential buyers that other offers are "on the table" and invite them to make their "best" offer. Other sellers might counter one offer and hold off on responding to others until they receive a decision, or instead counter one offer and reject the others. Negotiations can be complicated, and each strategy comes with its own upsides and risks. For example, informing a potential buyer that other offers are on the table or making a counteroffer could result in a stronger offer, but it could also lead buyers who feel they've already made a fair offer to look at other properties instead. Additionally, with the seller's consent, agents who are REALTORS® are obligated to disclose if there are other offers on the table when asked. While you cannot guarantee how any buyer will react to a given situation, your agent will help guide you through negotiations based on their experience.

What is an escalation clause? When buyers face the possibility of competing offers, they may decide to include an escalation clause in their offer, subject to applicable law, which allows them to disclose exactly how much they are willing to increase their original offer by if the seller receives a higher offer and the highest they will go overall. Buyers should consult their agents about the pros and cons of escalation clauses based on their individual circumstances.

Am I required to make seller concessions when negotiating a purchase agreement? While you are not required to offer [concessions](#)—paying for certain costs associated with purchasing a home for the buyer—when negotiating a purchase agreement, they could lead to a better or faster offer. This may include covering costs associated with a title search, loan origination, [inspections](#), [homeowners associations](#), real estate [taxes](#), or home repairs and updates, or covering fees for professionals like agents and appraisers. Be sure to include all agreed upon concessions in the purchase agreement to avoid any confusion later in the process.

Can I back out of an offer if receive a better one? It is important to consult with your agent and legal counsel when navigating these situations. When it comes to backing out of an offer, buyers typically have more flexibility than sellers. Although contract law varies by state, after a purchase agreement has been signed, it can be extremely difficult for a seller to back out and could even lead to legal issues—which is why sellers are advised not to accept an offer until they are sure they're satisfied with it. In some cases, however, sellers may have the option to back out of a sale legally if, for example, a buyer does not meet certain contingencies required by the purchase agreement, such as a specified deadline for closing.

Practices may vary based on state and local law. Consult your real estate professional and/or an attorney for details about state law where you are purchasing a home. Please visit facts.realtor for more information and resources.