

What Doesn't Work to Decide on an offer price

Calculating "dollars per square foot"

There are many problems with trying to apply a specific dollars/sq ft figure to homes to come up with an offer price. Lets say you have two homes of 1000 sq ft, side by side and they are identical in age.

- What if house A has a remodeled kitchen, baths, and new furnace?
- What if house B has a much smaller yard and no garage?
- What if house A is on a corner lot or and house B is next to a 7-Eleven?

None of these factors are taken into account with the "dollars per square foot" method, so house A may be worth \$170,000 (\$170/sq ft) and house B may be worth \$140,000 (\$140/sq ft). It just doesn't work very well in real life.

Taking a standard "% off" the listed price

There is not standard amount to offer below list price. This one fails because of differences too- but this time it is because all sellers are different. If the seller is a bank, or a divorcing couple, or someone who overpaid for it last year, or a guy who had to move out of state, or an elderly person who has owned it for decades.... well, you get the picture. Every one of those sellers is different and one may accept 10% less than list price while another may not even be able to sell it for the full list price (see Lesson: Short Sales aren't short).