

A RECO  
Consumer Publication

## Competing Offers

In certain market conditions, consumers may find that more than one buyer is interested in a property. This is a competing offer situation and creates unique conditions in a real estate transaction. Both sellers and buyers need to consider how to respond when presented with a competing offer situation. Working closely with your real estate broker or salesperson will ensure that you understand the process.

In Ontario, the seller's real estate broker or salesperson is required to disclose the number of competing offers to all buyers who have submitted a written offer. However, the terms and conditions of each offer are confidential to the seller and their broker or salesperson.

### Working with a real estate broker or salesperson

The seller's real estate broker or salesperson represents the interests of the seller in the transaction. The decisions about how offers are presented and responded to, as well as which offer is accepted, are made by the seller.

The buyer's real estate broker or salesperson represents the interests of the buyer in the transaction. The buyer makes the final decisions related to their offer, including the important decision of whether or not they want to participate in a competing offer situation.

In some situations, the real estate broker or

salesperson will represent the interests of both seller and buyer or multiple buyers. Consumers should seek guidance from their real estate broker or salesperson if this situation arises.

### Tips for Buyers

In a competing offer situation, buyers may be tempted to offer more for the property than they planned to and/or remove conditions from offers that are intended to protect them.

Before participating in a competing offer situation, buyers should consider factors such as:

#### Offer Price

How much can the buyer afford to offer for the property and how much is the property worth? A high offer could enhance the buyer's chance of success. However, it may not be the best long-term financial decision for the buyer. A competing offer situation does not necessarily mean that a property will sell for more than the asking price. Similarly, an offer that meets or exceeds the asking price will not guarantee that a buyer's offer is accepted.

#### Financing

Buyers should be aware that pre-qualifying for a mortgage does not safely eliminate the need for a financing condition in an offer.

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### Home Inspection

In competing offer situations, it can be tempting not to include a clause in an offer that makes it conditional on a home inspection. While your offer might be more acceptable to the seller, you may later learn that there are property defects, required repairs or needed upgrades that you weren't aware of. In some cases, this can be expensive in the short or long-term. Foregoing a home inspection is a significant risk that a buyer needs to carefully consider.

### Tips for Sellers

A seller facing competing offers has to consider how they want to deal with the situation. The seller can

decide to: accept the best offer; negotiate with one buyer and reject all other offers; negotiate with one buyer and advise other buyers that their offers are being set aside while the seller negotiates; or reject all offers.

Even in a competing offer situation, buyers have other options and may choose not to continue to participate. A seller may attempt to negotiate only to find out that it was the best offer the buyer could present. In the meantime, other buyers have found new properties they are interested in.

The seller's real estate broker or salesperson can provide advice and guidance, ensuring that the obligations and the options available are understood.

*This publication contains general information only and should not be construed as legal or professional advice. For legal or professional advice specific to your real estate transaction or situation, you should seek the services of a competent professional.*

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