

Don't let your emotions interfere in a bidding war

Categories : [First-time homebuyer](#), [Rebate Blog](#)

It's a tough housing market out there for Canadians looking to put down money on their first home or any home really.

With the average price of a home climbing to \$409,708 in April, which is 7.6 per cent higher than it was this time last year, [according to the Canada Real Estate Association](#), it's no wonder that more Canadians are willing to be involved in a bidding war for the property they want. (One thing to note is that the average price has been driven up by the busy Toronto and Vancouver real estate markets and when the market data is pulled out, the average year-over-year price has grown 4.8 per cent higher.)

Thirty four per cent of Canadians across the nation said they were willing to partake in a bidding war, which is up from 21 per cent last year, according to the BMO's Home Buying Report. It's likely no surprise that buyers in the housing markets with the highest average home prices, Vancouver (41 per cent) and Toronto (44 per cent), were more likely to be involved in one.

Housing competition is stiff with only 42 per cent of homeowners who bought within the last five years saying their offer was accepted on the first try. This number drops to 32 per cent in Vancouver and 24 per cent in Toronto.

To succeed in a bidding war, one key piece of advice is to not let your emotions get in the way. This is much easier said than done with 51 per cent of Ontario home owners admitting that they let their emotions affect their home purchase, [according to a recent survey by the Real Estate Council of Ontario \(RECO\)](#). This is especially the case for buyers between the age of 18 to 34.

"Despite the fact that Ontarians are fairly home smart, we're seeing more and more people – especially younger home buyers – getting swept up in the frenzied market, making emotional decisions they could later regret," said Joe Richer, Registrar of RECO, in a press release.

It may also come as a surprise that both men and women handle bidding wars differently with women more likely to ask a real estate professional for advice, while men are more likely to rely on doing their own research and their gut instinct. While men are more likely to bid below asking price to leave some wiggle room in their negotiations, while women are more likely to offer above asking price.

A game plan goes a long way to ensuring you don't get swept up in the excitement and this includes setting a price limit you stick to. While during a bidding war, some bidders may waive conditions such as a home inspection, any homeowner should be extremely careful about doing so

since you're the one on the hook for any unexpected costly repairs. This also includes [budgeting enough to cover closing costs](#), which will account for about 1.5 to four per cent of a home's purchase price.

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