

5 Common Buyer Pitfalls

1: Always looking for a better deal

Every market has its up and downs, but today's market has conditioned homebuyers to make the mistake of thinking a better deal is always just around the corner. While it's true prices could drop further and mortgage rates might decline, it's not a good idea for buyers to play the odds now, says Eileen Meehan, an associate with Re/Max Properties in Saddle River, N.J.

"Even in the best of markets, we cannot predict what will happen tomorrow. I can't promise you that a bigger, less expensive home will not come on the market the day after you close on this one," Meehan says. "Market fluctuations are always part of real-estate transactions.

"Be smart, do your homework, know the value of the area and the home you are buying, and be sure it meets your family's needs," Meehan says.

2: Falling in love at first sight

With real estate, there should be no such thing as love at first sight, Jabbour says. He has a simple rule for homebuyers.

"We will look at no less than five properties before we sign any contracts," Jabbour decrees. "It's easy to fall in love right away. (But) jumping on the first or second home that a buyer looks at will often result in buyers remorse, overpaying and the inability to sell at a reasonable price down the line."

Infatuated buyers who leap at a property tend to overlook the value of the process itself — from inspection to appraisal, says Fiona Dogan, a real-estate agent in the Rye, N.Y., office of Julia B. Fee Sotheby's International Realty.

"Buyers can make the mistake of falling in love with a property after a first visit (but) before they do their necessary due diligence," says Dogan, who adds that lovestruck buyers sometimes waive key conditions in a rush to make an offer. Sometimes those overlooked details end up sinking the deal.

3: Overpaying for perfection

Every buyer wants the perfect home, but unfortunately it may not exist, Jabbour says. He is concerned when homebuyers insist they've found the perfect home and are eager to make an offer.

"On the remote chance that a buyer does find perfection, the emotional attachment will sometimes become so high that the buyer will overpay or overextend themselves financially," Jabbour warns.

And even if the home is perfect and the buyer isn't overpaying, the owner could have difficulty selling.

"A 100% match for one person may be a complete disaster to the majority of the population, and a buyer must consider an exit strategy from the beginning to avoid losing money when they sell," Jabbour says. "There is definite value over time for the enjoyment and use of the home, but that number is slight when compared to the total investment."

4: Equating 'short sale' with 'deal'

In real estate, a deal is a deal, and the terms short sale and real-estate owned are marketing buzzwords designed to lure bargain-hungry buyers, says Matt Joseph, broker and owner of West Avenue Realty in Miami.

"I see buyers running into the trap of buying a foreclosure or short sale thinking they are buying way below market value, when they are really overpaying," Joseph says.

A good deal is a matter of the property's historic price, current market conditions and the home's features, as well as the buyer's own needs. Weighing all the factors isn't easy. But, Joseph says, buyers dramatically decrease their chances of making emotional mistakes by working with professionals who know the local market.

"The biggest mistake I see are buyers not using Realtors that know the local market," Joseph says. "Trying to find a home on your own is very difficult if you're not familiar with the market on a micro level. (Buyers working alone) may feel like they are receiving a deal, however, they do not get to see all inventory in the price range desired."

5: Lowballing instead of negotiating realistically

All homebuyers want the lowest possible price, but there's a big difference between firm negotiating and lowballing, says Tracie Hamersley, senior vice president and associate broker at Citi Habitats in New York City.

"Buyers can come in with unrealistic expectations about what a property should go for," Hamersley says. "It's best for a buyer to make a realistic bid not too far off from where he or she would ultimately like to end up."

Lowball offers run the risk of being rejected outright or lengthening the process and annoying sellers. Either way, Hamersley says buyers who lowball run a big risk of losing the property.

While all buyers are capable of lowballing, Hamersley says it's a problem especially common among cash buyers who don't need to borrow money. Such buyers are more attractive, especially to sellers who need to move quickly, but often the cash discount isn't worth as much as some buyers think, Hamersley says.