

Are you really bidding against yourself?

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“I am not going to bid against myself.” That’s a popular sentence these days, and a growing number of real estate buyers and sellers delight in their utterance of this proclamation.

It comes into play when one side has made an offer, the other counters and the original offerer goes away. The recitation of these magic words removes the uttering party from the heat of the battle and immediately injects omnipotence into the proclaimer.

For example, John offers Mary \$100,000 for a house. Mary counters at \$125,000. John shrewdly counters at \$112,500 because everyone knows that splitting the difference between the two prices establishes the true value of anything. Really? Anyway, Mary walks away.

So, there’s John with an \$112,500 offer and, in his opinion, no counter. So his pride tells him that Mary is a jerk and the affair is over.

His Realtor suggests making a new offer at a slightly higher price. John becomes livid and invokes the “I am not going to bid against myself” clause, the 28th Amendment. It goes something like this: “No citizen of the United States shall be forced to produce a counter offer until such time that the other party has countered. The non-countering party shall counter in order to ensure life, liberty and the pursuit of home ownership.”

They also think “America the Beautiful” is the national anthem and drink Pepsi even though they don’t like the taste as much.

The reality is that when a person does not counter, that person, in effect, has countered at the last counter.

In the John/Mary example, when Mary refused to counter, she actually countered at her previous counter of \$125,000. She is at \$125,000 and John is at \$112,500. If John wanted the house, he could have taken another shot at it, as there is no 28th Amendment – yet.

But he will not budge since he thinks it is countering against himself. And his actions demonstrate a counter of sorts – don’t tell John – of countering at his last counter of \$112,500. Either side could reinstitute negotiations at this point. It could work. It could be a stalemate. The homeowner has the upper hand since she owns the house.



Another interesting situation occurs when there are multiple offers on the same property.

In the current market – low inventory, many would-be buyers – this is the norm. Even last week, Greater Nashville Association of Realtors sales data for January show sales are up over eight percent compared to January 2013, the fourth consecutive year of growth.

Based on that data, there will be a few more months of multiple offers, probably extending through the spring. In that case, there will be more buyers to adhere to the “Thou shalt not enter into a bidding war” mantra.

“No problem,” the Realtor says, “I am most confident that I can find a home that no one else on the planet would like to own.”

It boils down to this. A house is worth whatever the buyer and seller agree in writing on a contract that it is. Unfortunately, in real estate, the wrong buyer and the wrong seller sometimes agree at the wrong price at the wrong time.

Perhaps the price was higher on an offer rejected earlier, a situation that may haunt a seller. On the other hand, buyers often opt out of multiple-offer scenarios only to see the house sold at a price they would have paid.

Bill Decker, the founder of Decker Wealth Management, as you might imagine, manages wealth and much of that through the stock market, a market that at times posts its prices five times per second.

In contrast, real estate appraisers, the best in the business as for the pricing of homes, may use a comparable sale that is six months old.

Decker notes a similarity in real estate and his investors, that being that “Investors tend to pay more attention to data that is easy to measure rather than paying attention to the information that is important.”

For example, many homebuyers place a greater emphasis on six-month-old comparable sales than current trends.

Sale of the Week

This week’s featured transaction is a \$503,000 sale in East Edgefield and was listed by Fridrich and Clark’s East Nashville whiz kid Mike Gallagher, who sells as much if not more on the east Side as anyone.

Gallagher listed the 2,600-square-foot home, which was totally renovated with soaring ceilings, hardwoods, new kitchen and all the amenities that today’s homeowners relish. Once again, the master bedroom is down and each of the other bedrooms maintained their own bathrooms.

There is a garage port that can accommodate two cars and an enormous deck hovering over the back yard.



Susan Collins of Berkshire Hathaway Home Services Woodmont Realty delivered the buyer to the home that Gallagher described as a “to the studs renovation.”

The Berkshire Hathaway signs that now adorn the country side are the result of Berkshire Hathaway acquiring Prudential. Moving from the Rock of Gibraltar to Omaha, Nebraska, the company remained intact.

That could be the answer to Peyton Manning’s infatuation with Omaha. Maybe Peyton picked up some B-H stock along the way.

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