



HELIOTROPE



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A-Z of Heliotrope Homes

G is for Guide Price

What does guide price actually mean and what determines a successful offer?

The search aspect of the property buying or renting process is usually fun at first and reaches its peak when a property is found. But often it's a joy short-lived as the negotiations begin. Cue the question of what to offer.

The agent will most likely (especially in sales) have published a "guide price". Pricing property is not an exact science and exactly the reason why guide prices exist. And furthermore, why guide prices are open to interpretation.

In sales, the unique circumstances (motivating factors of the move, affordability, economic climate, timelines to meet and even personalities) are the key things that determine what a buyer pays and a vendor accepts.

So while it's natural to be intimidated by the words "guide price" it's just simply better not to be. Not least due to the disadvantage of going into a negotiation on the back foot mentally. Bearing in mind there's not many other life situations where a few thousands or tens of thousands above or below a mentioned figure is an acceptable price movement can help. Imagine a market stall with raspberries at 2 punnets for £1.50 today then 2 punnets for £2000 tomorrow. The reason for the change? Because someone else had picked them up and showed an interest in the last 24 hours.

So accepting the fact property pricing is not an exact science is a thing for all parties to grapple with and certainly not just the buyer. It can of course lead to some crazed scenarios as and when emotions and the nerves of multiple parties are involved. But that's when knowledge is power and your due diligence comes in to play; see this as an opportunity to calm the negotiations.

Here's a reminder of some simple steps you can take to gauge a property's value ahead of making an offer using what estate agents and valuation surveyors call 'comparables':

- Find out what's sold/let locally recently and how much for.
- Be sure to drive past these properties and view the outside so as to understand the complete context to the price (don't just look at the condition and interior layout online).
- Did it sell above or below the asking price, how long ago and so on?
- What was the global/UK economic situation (eg was there a budget around then, Brexit or a shockwave in the financial markets etc) and factor this in.
- Are you investing? Is there a chance you'll be moving again short term?
- Now with all the above considered, decide what that property is worth to you. Establish your cut off point in case of getting drawn in to bids (with the appearance of a surprise third party at the crucial moment as per raspberries analogy).

Ultimately, the guide price a buyer needs to think about is their guide price. A successful offer is not one that wins the house but one that reflects what the property is worth to the buyer and their life in that moment. More 'perfect' properties will (and do) come along...