

## CONSUMER GUIDE: BUYER'S VS SELLER'S MARKETS

The real estate market constantly shifts, and knowing whether conditions favor buyers or sellers can help you make smarter, more confident decisions. Here's how to recognize which type of market you're in and what each means for you:

**What is a buyer's market?** A buyer's market is when there are more homes for sale than there are people looking to purchase a home. With a greater selection of homes on the market and less competition, buyers typically have more time to shop, negotiate better terms, and may even see price reductions or other purchase incentives.

**What is a seller's market?** In a seller's market, there are fewer homes available than there are buyers looking to purchase a home, creating a competitive environment where bidding wars and quick sales can be common. While sellers can often secure higher prices and more favorable contract terms, preparing the home properly and [setting a strategic asking price](#) at the outset are still key to attracting strong offers and ensuring a smooth closing.

**How can you tell which market you're in?** The market type you are in is usually reflected through the pace of sales, how many homes are available, and how close the sale price of a home was to its listing price. In hot markets, homes may sell within days, often well above their asking price. In slower markets, listings stay active longer and require more negotiation. An agent who is a [REALTOR®](#) can advise you on these trends in your specific market and help you interpret how they affect your goals.

**What should buyers do in a seller's market?** Buyers facing heavy competition should come prepared with a mortgage [pre-approval letter](#), move quickly when a good listing appears, and make strong offers. Waiving contingencies or offering flexible closing terms can also help strengthen your offer. Especially in fast-moving markets, setting a firm budget and walkaway point beforehand helps to ensure you don't overextend yourself when the process gets competitive. When selecting a buyer's agent to help you, be sure to ask [these ten questions](#) to ensure you are working with the agent who is the best fit for your needs.

**What should sellers do in a buyer's market?** When there are more homes than there are interested buyers, sellers should look to prioritize ways of making their property stand out. This could include competitive pricing, investing in [curb appeal or staging](#), and being flexible on timelines or terms. While it may take longer to sell, a well-presented and appropriately priced home can still draw strong interest even when the overall pace of sales slows. Consider asking potential seller's agents [these ten questions](#) to better understand how they can help you maximize your home's appeal.

**Can market conditions change quickly?** Yes—markets can quickly shift due to interest rate changes, job growth, seasonal trends, or shifts in consumer confidence. What was a seller's market last year could easily become more balanced, or even buyer-friendly, within months. Staying informed about local trends helps you better anticipate these changes and adjust your strategy accordingly.

**Should I wait for a better market?** Trying to time the market perfectly can be difficult. In most cases, personal factors—such as lifestyle changes, financial readiness, or long-term plans—are more important than short-term market fluctuations. If you're prepared, [working with a trusted professional](#) can help you navigate conditions as they are and make the best possible decision for your future.

***Practices may vary based on state and local law. Consult your real estate professional and/or an attorney for details about state law where you are purchasing a home. Please visit [facts.realtor](#) for more information and resources.***

## CONSUMER GUIDE: LISTING AGREEMENTS

If you choose to work with a real estate professional to sell your home, one of the first things you'll do is negotiate and sign a listing agreement with the agent you've selected. Here's what you need to know:

**What is a listing agreement?** A listing agreement is a contract between you and your agent that says the agent can represent you and market your property to potential buyers and their agents and establishes the sales price for your home. It will also lay out the type of professional representation and services your agent will provide and what they will be paid for those services. Agent compensation is fully negotiable and not set by law.

**What are my options for agent representation?** The options available may vary based on where you are selling your home or who you are working with. Some of the most common arrangements include:

- **Exclusive Agency Listing Agreement:** You work with just one agent and agree to compensate them if they sell your home. This allows you to retain the option to sell your home yourself without having to compensate your agent for the sale.
- **Exclusive Right-to-Sell Listing Agreement:** You work with just one agent, but you are responsible for your agent's compensation no matter who sells the property.
- **Limited-Service Listing Agreement:** You work with just one agent who provides a limited set of services, such as publicly marketing your home on a Multiple Listing Service (MLS)—an online platform that compiles home listings from different sources—but may not provide other services, such as arranging showings, providing input on purchase offers, or supporting the negotiation process.
- **Non-Exclusive Listing Agreement:** You work with one agent or multiple agents and agree to compensate the agent who ultimately sells your home.

**What services might be included in a listing agreement?** The listing agreement typically lays out the agreed upon methods your agent will use to sell your home. Your agreement might include information on how your property will be marketed. This could include listing on an MLS, offering a seller concession covering some costs associated with purchasing a home for the buyer, or offering compensation to a buyer's agent. Read more about MLSs [here](#), offers of compensation [here](#), and seller concessions [here](#).

**Are offers of compensation mandatory?** No. It is up to you to determine if making or authorizing an offer of compensation is the best approach for selling your property. Agents who are [REALTORS®](#) are here to help guide you on marketing strategies so that you can make a decision that works for you.

**How do I know what will work best for me?** When you work with a REALTOR®, you are working with a professional guided by [ethical duties](#) under the REALTOR® [Code of Ethics](#), including the pledge to protect and promote the interests of their clients. Your agent will work with you to help you understand the market and to weigh your options, answer questions, and reach an agreement that you are confident in. If you have any concerns about your agreement or don't understand it, you should consult an attorney.

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## CONSUMER GUIDE: SELLER DISCLOSURES

When selling a home, sellers must disclose certain characteristics of the property to potential buyers. An agent who is a [REALTOR®](#) can help you understand why and what you need to disclose, but here are the basics:

**What are seller disclosures?** Seller disclosures are certain material defects—elements of a home that may negatively impact its value—that sellers must disclose to buyers in a legal document. While specific disclosures are dependent on state and local law, sellers are typically required to list any completed repairs, information about natural [hazards](#), property defects, missing essentials, land-use limitations, HOA guidance, deaths on the property, and any other conditions that might negatively impact the property's value. Your agent can help you consult state and local law to see what you are required to disclose.

**Why are seller disclosures important?** Seller disclosures are important because they help protect both the buyer and the seller. The disclosures allow buyers to choose whether they want to make an offer on the house based on what the seller is disclosing about the property, or can influence the offer amount. For sellers, the disclosure can help protect them from legal liability, meaning they will not be responsible for any issue that arises on the property after the sale as long as it was previously disclosed.

**Where are seller disclosures listed?** Seller disclosures are listed on a legal document called a “seller disclosure form” or a “property disclosure statement.” Most states have a standard template that the seller fills out, but some states allow the seller to disclose more conservatively, meaning that they are not required to provide as much disclosure detail. Your agent can help you understand the correct way to list your disclosures according to your state's laws.

**Which defects, if any, need to be disclosed?** Consult with your real estate professional to help understand what defects need to be disclosed. While it is not required, you can also conduct a [home inspection](#) before listing, which can help identify potential issues that you can consider repairing before showing your home to potential buyers and use as a differentiator for your property. If you uncover possible issues that may appear during a buyer's inspection, you will have time to make any necessary changes that could impact your home's asking price, as well as defects you may need to disclose depending on state laws.

**What if there are no defects that need to be disclosed?** A seller can state that there are no material defects on a property on the disclosure form. However, even if you are unsure as to whether a potential defect needs to be disclosed, it is best practice to disclose it to avoid potential legal liabilities in the future.

**When do material defects need to be disclosed?** In most states, seller disclosures are often required before the buyer signs a binding contract of sale, and some sellers choose to disclose as early as home tours. However, sellers should check with state and local guidance as conditions vary by state.

**What happens if a material defect about a property is not disclosed?** If a seller knowingly withholds information regarding a required seller disclosure, there may be legal consequences. A buyer could cancel the sale, or the seller could be legally liable. Sellers should be honest with any and all details they are required to disclose about the home.

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## CONSUMER GUIDE: MULTIPLE LISTING SERVICES

When you buy or sell a home, your real estate professional may use a multiple listing service (MLS) to find homes for sale or market your property. Here is what you need to know:

**What is an MLS?** An MLS provides an online platform that compiles home listings from brokerages in a given market. An MLS offers an efficient tool for marketing properties, seeing available homes for sale, getting helpful marketplace data, and sharing listing information to national and local websites that advertise property information to consumers and provide online brokerage services. There are around 500 MLSs across the U.S. Each MLS sets its own rules to make sure its information is complete, accurate and transparent.

**What value does an MLS provide?** MLSs allow real estate professionals to see, share and promote homes for sale so that they can be found by the largest pool of potential buyers. MLSs provide the most accurate, reliable and detailed information about properties (both those that have sold and those currently for sale), including listing price, address, features, disclosures and other pertinent property and market details. MLSs also help promote fair housing and equal opportunity by giving real estate professionals and their clients access to consistent information.

**How can an MLS help me buy a home?** Using an MLS allows your agent to access many homes for sale and connect with agents working to sell their clients' homes.

**How can an MLS help me sell my home?** MLSs are the most trusted source for real estate data because their information is curated and verified by real estate professionals. Listing on an MLS will help a seller reach the largest pool of buyers and potentially attract the best offer.

**Am I required to market my home through an MLS?** No. As a seller, if you decide to have your agent not list your home on an MLS because you prefer to limit or restrict market exposure, you will be asked to sign a document verifying that you have made this choice. MLSs have rules aimed at ensuring equitable access to accurate and reliable property data, and these rules also provide sellers with flexibility in how they work with their real estate professional in marketing their homes.

Note that one of an MLS's core values is its ability to offer a complete, accurate picture of homes for sales in a market. This helps not just sellers and buyers, but also lenders, appraisers and others making decisions based on market activity.

**Can I make an offer to compensate a buyer's agent on an MLS?** No. An offer of compensation is when the seller or the seller's agent offers to compensate another agent for bringing a buyer to successfully close the home purchase. As of August 17, 2024, offers of compensation are no longer allowed on MLSs. However, offers of compensation can still be made off-MLS and shared through common marketing vehicles such as flyers, signs, emails or other communications. [Read more about offers of compensation.](#)

**Can I offer concessions on an MLS?** To attract more buyers, sellers may offer concessions to cover certain costs associated with the buyer's home purchase that a seller agrees to pay (eg, cost for a new roof, or closing costs). MLSs may allow communications about concessions, but it depends on local rules. [Read more about concessions.](#)

**How do I access MLS information?** MLS data is shared on brokerage websites that consumers can access. If you are a buyer, your agent will provide you with MLS property listings that may meet your criteria. For both buyers and sellers, when you work with an agent who has access to an MLS, you can discuss how the MLS can benefit you. Your agent will help you to weigh your options and develop a strategy you are confident in.

***Your real estate agent will help you navigate the purchase or sale of your home; for legal advice, consult an attorney licensed in your state. Not all real estate professionals are REALTORS®. Only those who are members of the National Association of REALTORS® may use the term REALTOR®, and they are obligated under NAR's Code of Ethics to work in your best interest. Please visit [facts.realtor](https://facts.realtor) for more information and resources.***

## CONSUMER GUIDE: NAVIGATING MULTIPLE OFFERS

When your home is on the market, you may receive offers from multiple interested buyers. Offers can vary greatly, and you will need to determine which one is best for you. Here's what sellers should know:

**How can offers differ?** While the price of an offer is a key consideration for sellers, it is only one of several elements that can vary between offers. Other factors such as financial terms, contingencies, closing timeline, and [earnest money](#) deposits can make offers more or less attractive to sellers. Given multiple inputs, the strongest offer may not be the one with the highest price.

**How do I decide which offer is the best for me?** Your agent will work with you to help you determine the best offer based on your specific needs and priorities. For example, sellers who want to move as soon as possible may be drawn to quicker closing timelines, and sellers prioritizing a simpler transaction process may prefer all-cash offers that eliminate the need for [mortgages and financing](#).

**What is a counteroffer?** When a seller "counters" an offer, they are responding to a potential buyer's offer with different proposed terms. This could mean asking for a higher price, or the same price but with different terms, contingencies, or timing. In some cases, sellers may disclose details about one buyer's offer to try to convince another buyer to make a "better" offer. It is important to remember that sending a counteroffer voids the original offer, so the seller cannot go back and accept the original offer.

**How can sellers negotiate multiple offers?** When handling multiple offers, sellers may simply accept the "best" offer or may decide to use a negotiation strategy. Some may inform all potential buyers that other offers are "on the table" and invite them to make their "best" offer. Other sellers might counter one offer and hold off on responding to others until they receive a decision, or instead counter one offer and reject the others. Negotiations can be complicated, and each strategy comes with its own upsides and risks. For example, informing a potential buyer that other offers are on the table or making a counteroffer could result in a stronger offer, but it could also lead buyers who feel they've already made a fair offer to look at other properties instead. Additionally, with the seller's consent, agents who are REALTORS® are obligated to disclose if there are other offers on the table when asked. While you cannot guarantee how any buyer will react to a given situation, your agent will help guide you through negotiations based on their experience.

**What is an escalation clause?** When buyers face the possibility of competing offers, they may decide to include an escalation clause in their offer, subject to applicable law, which allows them to disclose exactly how much they are willing to increase their original offer by if the seller receives a higher offer and the highest they will go overall. Buyers should consult their agents about the pros and cons of escalation clauses based on their individual circumstances.

**Am I required to make seller concessions when negotiating a purchase agreement?** While you are not required to offer [concessions](#)—paying for certain costs associated with purchasing a home for the buyer—when negotiating a purchase agreement, they could lead to a better or faster offer. This may include covering costs associated with a title search, loan origination, [inspections](#), [homeowners associations](#), real estate [taxes](#), or home repairs and updates, or covering fees for professionals like agents and appraisers. Be sure to include all agreed upon concessions in the purchase agreement to avoid any confusion later in the process.

**Can I back out of an offer if receive a better one?** It is important to consult with your agent and legal counsel when navigating these situations. When it comes to backing out of an offer, buyers typically have more flexibility than sellers. Although contract law varies by state, after a purchase agreement has been signed, it can be extremely difficult for a seller to back out and could even lead to legal issues—which is why sellers are advised not to accept an offer until they are sure they're satisfied with it. In some cases, however, sellers may have the option to back out of a sale legally if, for example, a buyer does not meet certain contingencies required by the purchase agreement, such as a specified deadline for closing.

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## CONSUMER GUIDE: SELLER CONCESSIONS

As a home seller, you have choices when deciding how to market your property, including whether you'd like to offer concessions to attract buyers or close a deal. Here's what you need to know as you consider whether this approach is right for you:

**What are seller concessions and why make them?** A concession is when a seller pays for certain costs associated with purchasing a home for the buyer. Concessions could make your property more attractive to buyers or lead to a better or faster offer. Concessions also help make home ownership more accessible for buyers by reducing upfront expenses, so buyers with limited cash reserves may be able to stretch their budget further.

**What are some examples of concessions I can offer?** You have options. Concessions can include covering costs associated with a title search, loan origination, inspection, homeowners' associations, real estate taxes, or home repairs and updates. They can also be used to cover fees for professionals like agents and appraisers.

**How do seller concessions work?** Concessions can be advertised upfront or negotiated as part of a home purchase agreement. In the agreement, a concession is often written as a specific dollar amount. Seller concessions usually aren't binding until they are put in a contract like a purchase agreement.

**What's the difference between a concession and an offer of compensation?** Concessions can cover a variety of costs or fees for a buyer associated with purchasing a home, whereas an offer of compensation is specifically when the seller or their agent agrees to compensate a buyer's agent for bringing a buyer who successfully closes the transaction. Read more about offers of compensation [here](#).

**How do I tell buyers I'm offering concessions?** Concessions can be advertised publicly, shared on a Multiple Listing Service (MLS)—an online platform that compiles home listings from different sources—or discussed during purchase negotiations. Keep in mind that not all MLSs allow concessions to be advertised, and some only allow you to indicate whether you are offering a concession with a simple "yes" or "no." If you choose to put a concession on an MLS, it must be written as the total sum of all concessions offered and can't be conditioned on the use of, or payment to, a buyer's agent.

**Is there a limit to the concessions I can offer?** Yes. The limit on the total value of concessions you can offer depends on the terms set by the buyer's lender and state law. However, any payment you offer toward the buyer's broker's fee is excluded from this amount and must be made off-MLS.

**How do I know what option is best for me?** When you work with an agent who is a [REALTOR®](#), you are working with a professional guided by ethical duties under the REALTOR® Code of Ethics, including the pledge to protect and promote the interests of their clients. Your agent will work with you to weigh your options, answer questions, and develop a strategy you are confident in. You can read more about REALTORS®' duty to put client interests above their own [here](#).

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## CONSUMER GUIDE: OFFERS OF COMPENSATION

As a home seller, you have a wide range of choices when deciding how to market your property. This includes whether you'd like to offer—or authorize your agent to offer—compensation to a buyer's agent as a way to attract potential buyers. Here's what you need to know as you consider your options related to offering compensation:

**What is an offer of compensation and why make one?** An offer of compensation is when you—the seller—or your agent compensate another agent for bringing a buyer to successfully close the transaction. Offers of compensation help reduce out-of-pocket costs for prospective buyers, which in turn may bring more potential buyers for the transaction. These costs can be especially significant for first-time buyers, lower- to middle-income buyers, or those from underserved communities.

**Are offers of compensation mandatory?** No. It is up to you to determine if making an offer of compensation is the best approach for selling your property. Agents who are [REALTORS®](#) are here to help answer your questions and guide you to make a decision that works for you.

**As a seller, does my agent need my permission to offer compensation to a buyer's agent?** Yes. Your agent can only offer compensation or make a payment to a buyer's agent if they have your written approval and signoff on the amount.

**What types of compensation can I offer?** There are many options available to you as a seller to discuss with your agent. These could include a flat fee paid directly to the buyer's agent or allowing your agent to share a part of their compensation with the buyer's agent. Beyond compensation, you could also consider offering a buyer certain concessions, such as covering closing costs, to make the total home purchase more affordable for them.

**How will a buyer's agent know if there is an offer of compensation?** Offers of compensation can be advertised in many ways. If you approve an offer of compensation, it can be shared through common marketing methods such as flyers, signs, brokerage websites, social media posts, or simply through a phone call or email. Offers of compensation cannot be listed on Multiple Listing Services (MLSs), online platforms that compile home listings from many different sources.

**Do I have to advertise an offer of compensation if I decide to make one?** No, it's up to you to decide. Advertising can help get the word out to bring more buyers to the table, but you can also choose not to advertise and instead negotiate the offer in a purchase agreement.

**You mention concessions—what does that mean?** A seller concession is different than an offer of compensation. It is when a seller covers certain costs associated with purchasing a home for the buyer. Concessions can make home ownership more accessible for buyers by reducing upfront expenses. These can cover things like some transaction costs or property repairs.

**How do I know what option is best for me?** When you work with an agent who is a REALTOR®, you are working with a professional guided by ethical duties under the REALTOR® Code of Ethics, including the pledge to protect and promote the interests of their clients. Your agent will work with you to weigh your options, answer questions, and develop a strategy you are confident in. You can read more about REALTORS®' duty to put client interests above their own [here](#).

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## CONSUMER GUIDE: OVERCOMING ROADBLOCKS TO A SALE OR PURCHASE

A signed real estate purchase agreement is not a guarantee of a home sale. A recent [REALTORS® Confidence Index Survey](#) showed that transactions today are experiencing about a 5% fallout rate. Deals can fall through for any number of reasons. Whether you're a buyer or seller, prepare yourself for the most common potential pitfalls so your transaction closes smoothly.

**Pitfall: Financing falls through.** Buyers can be pre-approved before making an offer but then get denied the loan before closing. Factors that can contribute to a last-minute denial: a ding on their credit, major expenses like a new car purchase, a reduction in salary that changes their debt-to-income ratio or changes in lender guidelines or terms that make the loan no longer affordable.

**Solution:** Buyers should avoid sudden job changes or major purchases before closing. If financing becomes an issue, sellers might consider offering an extension to enable the buyers to obtain alternative financing or find a cosigner/guarantor for the loan.

**Pitfall: The buyer's inspection finds a surprise flaw.** There are no perfect homes, but there may be issues like foundation problems or code violations that are nonnegotiable deal-breakers for buyers.

**Solution:** If you're a seller, consider having a presale inspection and making repairs before you put your home on the market, and disclose any material property condition issues (it's required by law in many states). Buyers: Work with your agent to determine whether items in the inspection report are a minor issue you can live with, a negotiation point that might lead to a seller repair or credit, or a deal breaker.

**Pitfall: The appraisal doesn't match the sales price.** Sometimes the appraisal comes back lower than the purchase agreement amount. The lender will only provide a mortgage based on the appraised value.

**Solution:** Sellers should work with their agent to price the property properly. During the appraisal process, your agent should have a good line of communication with the appraiser, providing information on the property and comparable properties that support the price. (However, never pressure the appraiser to meet the sales price.) If the appraisal comes in lower than the contract price, the sellers may choose to lower the price, or the buyers may choose to make up the difference in cash. If they believe it's strongly warranted, buyers may want to ask the lender for a reconsideration of value.

**Pitfall: The title is clouded.** Unresolved liens or encumbrances on the property, or legal disputes regarding ownership, will need to be resolved before the home sale can continue.

**Solution:** Sellers should clear the title before listing the property. A title search will verify the property's chain of ownership and uncover any potential liens or encumbrances. Buyers typically pay for lender title insurance, which protects the lender from any losses from claims; some buyers also choose to get an owner's title policy to protect them from undiscovered liens, errors or fraud.

**Pitfall: Buyer's home doesn't sell.** This could be an issue if the sellers have accepted a home-sale contingency in the contract.

**Solution:** Sellers should talk with their agent upfront about how flexible they can be on the closing date. Buyers may want to look into bridge financing to fund the closing before their old home sells.

There are also human reasons a deal may fall through. Buyers may realize they don't love the home as much as they initially thought, or another home may come on the market that they love more. Sellers' circumstances may change, and they may no longer want to move. One party may find the other side too difficult to deal with. During the attorney-approval-and-inspection period, either side can cancel the deal without penalty. But with an open mind and a willingness to negotiate, parties can often resolve differences. A real estate agent who's a REALTOR® can help you keep the transaction on track.

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