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What is a buyer’s market?

You will often hear the media talk about buyer's markets and seller's markets, which begs the question - what do these terms mean?

In the real estate world, a buyer’s market describes a situation where buyers have more choice. There are more listings available than in a seller's market, meaning that at any one time a buyer will have several properties available that may suit their needs.

This creates an environment where sellers (and their hired real estate professional) must work hard to secure buyers, as opposed to a situation where a large pool of buyers must compete over very few properties (a seller's market).

Because there is more choice and because buyers want to see everything they could potentially buy before making an offer there is less competition for each individual property. Buyers are in a stronger negotiating position and can place offers that are subject to various conditions which means the time on market for each property increases.

In short, a buyer's market makes it easier for people to submit conditional offers and buyers with a property to sell can finally move. The overall impact is that the selling time takes longer.

On the other hand, in a seller's market there is so much competition that buyers are often forced to make their offers unconditional to stand a chance of having their bid accepted. Just about everyone needs to be a cash buyer which makes it difficult to move if you already have a home you need to sell.

What doesn't happen in a buyer's market?

Contrary to what some might think, a buyer's market does not guarantee a huge discount on any property, compared to previous market highs.

This market is simply a set of circumstances that places more power in the hands of potential purchasers, but it doesn't necessarily mean that prices are going to go through the floor. In any market, most owners are in a position where they would like to move, but they don't have to.

For a sale to occur, both sides need to find common ground. Following a seller's market, this may happen at a discount from whatever price might have been achieved at the peak, but it doesn't mean there is going to be a dramatic sell-off.

Ready to take the next step?

Get in touch today to book your free consultation. I am here to help you make smart real estate decisions.