



Should you buy first or sell first?

For those looking to take that next step in their real estate future, this important question will inevitably come up: “should I buy my new home or sell my existing home first?”

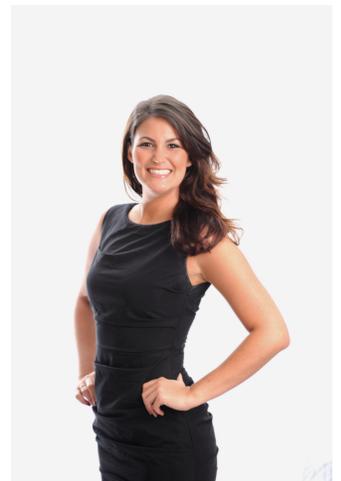
While there is no ‘right’ answer, it’s important to know the potential pros and cons of both options. Speaking with your registered real estate professional before starting the buying or selling process can help you decide which route is better suited to your family’s needs.

Buy first

Buying first can make the house hunting experience more enjoyable. Without a closing date looming on your existing home, you’ll have time to wait until the right home comes up for sale. It can also be less stressful knowing that if your offer is unsuccessful, you can wait for the next opportunity to come up.

The downside to buying first is if you are unable to sell your home fast enough, you will find yourself owning two homes at once. The result could mean paying two mortgages at the same time, not to mention all the other costs of home ownership. Additionally, you may have trouble securing a mortgage for the new home.

As a buyer with an existing home to sell, you can protect yourself by making your offer conditional on the sale of your current home. That means if you’re unable to sell within a specified period of time, you’re



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able to back out of the transaction. However, keep in mind that this condition will likely make your offer less attractive to the seller, especially if you're buying in an area with a hot market.

Sell first

The biggest benefit of selling first, aside from removing the risk of owning two homes at once, is you'll know how much money the sale brought in, which will help determine how much you can afford to pay for the next place.

As helpful as that is to know, there is pressure with your closing date looming and potentially no home to move into. If you're not careful, you may end up rushing the buying process and settling for a home that isn't ideal for you, or paying more than you planned because you feel pressured.

Have a contingency plan

Regardless of which route you choose, it's a smart idea to have a back-up plan in place in case you are left with two homes, or no home, for a period of time.

If the sale of your home closes first, you might consider a short-term rental or moving in with family or friends. This could be better than settling for a less-than-ideal home because you are rushed.

If the purchase of your new home closes first, you might need something called "bridge financing" to cover the down payment and other closing costs until the sale of your current home closes.

Before making a decision, talk to your registered real estate professional for advice and solutions to help you through the process. They can walk you through various scenarios and set realistic expectations about what may happen so you can come up with a plan that works for you.

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