



**THE ENVELOPE REAL
ESTATE GROUP**

**181 Commissioners Road W
London Ontario N6J 1X9
Office :519-438-2222
Direct: 519-435-1600**

Determining Your Offer Price: A Strategic Guide for London, Ontario

Deciding what to pay for a home or condo in London is one of the most critical steps in your real estate journey. There is no set formula for determining how you'll reach an offer price. Instead, the process involves a range of research and comparison that will vary with each situation. To find a price that is accepted without overpaying, you must review comparable sales and factor in additional data, such as the property's condition, current market conditions, and the seller's circumstances.

By keeping emotion and the "fear of missing out" (FOMO) out of the equation, you can use local data as your mandate for a successful purchase.

Below are the factors I use to determine a price that will be accepted and to ensure you do not overpay or let emotions cloud your judgment.

1. Establishing the Value Base: Comparable Sales

Before you can decide on a final number, you must establish a fair price range based on hard evidence. This is done by comparing homes that are similar to the property you're considering.

- **Key Comparison Metrics:** Focus on the number of bedrooms and bathrooms, square footage, lot size, type of construction, and garage space.

- **The MLS Advantage:** The most comprehensive and in-depth information is accessed through the Multiple Listing Service (MLS). We help you navigate this service to see what homes have actually sold for, rather than just what they are listed for.
- **Active vs. Market Inventory:** Look at the area's active listings to see what your competition looks like. Recent LSTAR data shows London currently has **6.0 months of inventory**. This indicates that supply is high and competition among buyers is low. Use this abundance of listings as leverage; if a seller is chasing an old peak price, they will be unsuccessful in this high-inventory market.

2. Factoring in Property Condition and Improvements

Once you have a baseline from comparable sales, you must adjust that price based on the specific condition of the home you are eyeing.

Structural and Interior Observation

Observe how the property compares to the rest of the neighbourhood—is it average, above average, or below average?

- **The Shell:** Closely inspect the structural condition of the walls, ceilings, windows, floors, and doors.
- **The Systems:** Pay close attention to the bathrooms, bedrooms, and the condition of the plumbing and electricity.
- **The Details:** Check the fixtures, including light switches, doorknobs, and drawer handles.
- **The Grounds:** Evaluate the condition of the front and back yards.

The Impact of Improvements

Not all renovations are created equal when it comes to your offer price.

- **Major vs. Cosmetic:** Cosmetic changes can be largely ignored, but major improvements should be taken into account.
- **Room Additions:** Take special note of added bedrooms and bathrooms, as these add functional value.
- **Luxury Items:** Items such as swimming pools may be taken into account, but they usually won't significantly affect your offer.

- **The "Condition Ratio":** In a market with high inventory, poor condition now warrants a much deeper price cut than it would have just a year ago.

3. Navigating Market Conditions

The current "climate" of the London market dictates how much room you have to move.

- **Seller's Market:** When demand is greater than supply, homes sell quickly, often with multiple offers above the asking price.
- **Balanced Market:** Supply equals demand, and prices remain stable. There are no hard-and-fast rules, but homes generally sell within a reasonable timeframe.
- **Buyer's Market (Current Trend):** This is a slower market where supply is greater than demand. You will have more options and greater flexibility to negotiate a lower price. Even if your initial offer is low, sellers in this market are more likely to respond with a counteroffer than walk away.

4. Using Data-Driven Negotiation Benchmarks

To ensure you don't overpay, apply these specific statistical thresholds currently seen in the London market:

The Sale-to-List Price Ratio: The 97.0% Zone

Historically, London homes sold at or above the asking price, but the market has softened.

- The average sale price of \$622,805 reflects a market where homes are selling for approximately **97.0% of the asking price**. (2026 Numbers)
- This statistic is your mandate: it confirms that a **3% negotiation** is currently the norm.
- While a "deep-discount" offer can upset a seller, you can confidently target a fair reduction based on this solid data. *The problem with a low-ball offer is that the seller may not counteroffer. If you make a reasonable offer and the seller counters, you now have a framework to work with, and the seller is more motivated to work with you.*

Average Days on Market (DOM): The 29-Day Threshold

Timing is a massive indicator of a seller's willingness to bend on price.

- **The Median:** London's median DOM is currently around **29 days**.

- **The Overpricing Signal:** A property that sits for 45 to 60 days or longer usually indicates a critical flaw—typically overpricing.
- **The Opportunity:** If a home has been on the market for over a month, the seller will likely be much more open to a low, conditional offer.

5. The Final Guardrail: Assessed Value

What is the percentage difference between the municipal assessed value and the current market price? This highly technical number provides a safety net for buyers. Using a formula to compare these two values helps prevent emotional overpayment and ensures the price you settle on is "right on the money".

Finalizing the Number

The price you decide to begin with depends on your particular style of negotiation, but most buyers begin with a number lower than the "fair" price they've calculated. By combining comparable sales, property condition adjustments, and the 97% sale-to-list benchmark, you can establish a price that is competitive enough to be accepted while protecting you from the peaks of a volatile market.

You are now ready to make an offer that is supported by data, not just desire.

There is one more vital strategy: how the offer is presented to the seller and their real estate salesperson. I would say that 90% of unaccepted offers is because of poor presentations by a Realtor.

Ty Lacroix Broker



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