

We Buy Houses Winnipeg

Free seller guide

How Cash Buyers Calculate Their Offer on a Winnipeg Home

The formula, the costs behind it, and five checks for a fair offer.

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Most cash buyers in Winnipeg calculate their offer using one formula: After Repair Value (ARV) × 70–80%, minus repair costs. The ARV is what your house would sell for fully fixed up, the percentage covers the buyer's costs and profit, and the repairs are whatever it takes to get there. Everything else in this guide explains those three numbers.

The formula cash buyers use

$$\text{Offer} = \text{After Repair Value} \times 70\text{--}80\% - \text{repair costs}$$

Say your home would be worth \$400,000 after a full refresh, but it needs \$40,000 of work. A typical calculation lands somewhere between \$240,000 (at 70%) and \$280,000 (at 80%), before any buyer-specific adjustments. Where you fall in that range depends on how much work the house needs, how fast it'll resell, and which neighbourhood it's in.

You'll sometimes hear this called the "70% rule." In practice, Winnipeg buyers — us included — often go higher than 70% on solid houses in good areas, because the risk is lower and the resale is faster.

What is After Repair Value (ARV)?

ARV is what your house would sell for on the open market after it's been fully repaired and updated — not what it's worth today. Cash buyers estimate it by pulling recent sales of similar homes in your area: same style, similar square footage, within a few blocks if possible.

Here's the honest part: ARV is an estimate, and two buyers can land on different numbers. That's why we always recommend getting more than one offer.

What costs do cash buyers subtract?

That 15–30% gap between ARV and the offer isn't pure profit. It has to cover everything the buyer spends between buying your house and reselling it:

- **Repairs and renovations.** The big one. A dated kitchen alone can run \$20,000–\$45,000 at mid-range prices, and structural issues (foundation, knob-and-tube wiring, mold) go up from there.
- **Carrying costs.** Property taxes, insurance, utilities, and financing for the 3–6 months the buyer owns the house during renovations.
- **Closing costs — twice.** Cash buyers pay Manitoba's land transfer tax when they buy (it reaches 2% on the portion of the price above \$200,000, per the Government of Manitoba), then legal fees and realtor commissions of roughly 4–5% when they resell.
- **Profit margin.** Usually 10–15% of ARV. No margin, no business — any buyer claiming otherwise is hiding the margin somewhere else in the math.

When a buyer walks you through these numbers openly, that's a good sign. When they won't, ask why.

Why is a cash offer lower than market value?

Because you're trading dollars for speed, certainty, and zero work. A cash sale skips the things that cost traditional sellers money and time: no realtor commission (typically 4–5% in Winnipeg), no repairs before listing, no staging, no showings, no waiting on a buyer's mortgage approval, and no deal collapsing at financing.

Run the real comparison, not the sticker comparison. A \$300,000 cash offer against a \$340,000 listing looks like a \$40,000 gap — but subtract roughly \$15,000–\$17,000 in commission, \$10,000–\$20,000 in pre-listing repairs, and months of carrying costs from that listing price, and the true difference is often a fraction of what it first appears. Whether that remaining difference is worth the speed is genuinely your call. For some sellers it isn't — and we say so.

Five checks for a fair cash offer

- 1 **Ask for the breakdown.** A legitimate buyer will show you their ARV, repair estimate, and the percentage they used. If the answer is "that's just our offer," walk.
- 2 **Get a second offer.** Two or three offers tell you quickly where the real number sits.
- 3 **Check the comparables yourself.** Look up what renovated homes near you sold for. Your ARV instinct will be roughly right.
- 4 **Verify the buyer.** Reviews, BBB accreditation, proof of funds.
- 5 **Confirm there are no fees.** A real cash offer is net to you. No "processing fees," no commissions, no surprises at closing.

Frequently asked questions

Do cash buyers in Winnipeg negotiate their offers?

Yes, especially when you have information they don't — a newer furnace, a finished basement, recent windows. If the repair estimate assumed work you've already done, say so. The formula updates and the offer moves up. Negotiation works best when both sides share the actual numbers.

Does the 70% rule always apply?

No. It's a floor more than a rule. Houses needing minimal work, in fast-selling Winnipeg neighbourhoods, routinely get offers at 80–85% of ARV. Heavy-repair properties — fire damage, foundation problems, hoarding situations — sit closer to 70% because the buyer carries far more risk and renovation cost.

Will I get a higher offer if my house is in good condition?

Almost always. Repair costs come straight off the offer, so every system that doesn't need replacing — roof, furnace, electrical, plumbing — adds money back.

Why do different cash buyers offer different amounts?

They estimate ARV and repairs differently, and they run different margins. A buyer who renovates with their own crew has lower repair costs than one who hires everything out, and that difference shows up in your offer. It's exactly why we recommend collecting two or three offers before deciding.

Are there any fees when selling to a cash buyer?

Not with a legitimate one. No realtor commission, and no processing fees. If a "cash buyer" asks for an upfront fee or deducts charges at closing, that's a red flag — verify before signing.

Want to see your own numbers?

We Buy Houses Winnipeg has bought homes in Winnipeg since 2014. We buy as-is, you pay no commissions, and you pick the closing date. Request a no-obligation cash offer at webuyhouseswinnipeg.com or call **(204) 291-1248**.

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