

How to Estimate a Cash Offer for Your Home

A Seller's Plain-English Guide — Updated for 2026

1. What Is a Cash Offer?

Key Point	Details
Definition	Buyer purchases the home outright — no bank, no mortgage, no financing contingencies.
Speed	Typically closes in 7–14 days. No appraisal required. Very low risk of the deal falling through.
Typical Offer Range	Investors offer 60–80% of ARV (After-Repair Value). The median investor offer is ~67–70% of ARV based on current market surveys.
Market Share	Cash sales represent ~29–33% of all U.S. home purchases as of late 2025 — a near-record high.
Main Trade-Off	Speed and certainty in exchange for a lower sale price than a traditional listing.

2. The Cash Offer Formula (The 70% Rule)

$$\text{Cash Offer} = \text{ARV} \times 0.70 - \text{Repair Costs} - \text{Holding \& Closing Costs} - \text{Wholesale Fee}$$

3. Formula Components — What Each Part Means

Component	Typical Range	What It Means
After-Repair Value (ARV)	Your market's comps	What your home would sell for fully renovated. Pull recent comps of updated homes nearby — this is the most important number in the formula.
× Investor Multiplier	60–80% of ARV (median: ~70%)	The investor's ceiling price before deductions. Fix-and-flip investors cap at 70%; buy-and-hold landlords may stretch to 75–80%; wholesalers often offer 60–65%.
– Repair Costs	Varies by condition (see table below)	Every dollar the investor must spend fixing the home comes off your offer. See the Repair Cost Reference for 2026 per-sq-ft estimates.
– Holding & Closing Costs	5–10% of ARV	Taxes, insurance, utilities, and financing costs while the investor owns the property, plus 1–3% in closing costs on resale.

– Wholesale Fee (if applicable)	\$5,000–\$15,000+	If a wholesaler (middleman) is involved, this fee is built into the offer. Ask upfront whether you are dealing with the end buyer or a wholesaler.
– Investor Profit Target	10–20% of ARV	The return the investor needs to make the deal worthwhile. If the numbers don't support this margin, they will not proceed.

4. Worked Example — \$300,000 ARV Home

Step	Calculation	Running Total
After-Repair Value (ARV)	—	\$300,000
Apply 70% Rule	× 0.70	\$210,000
Subtract Repairs (cosmetic/moderate)	–\$45,000	\$165,000
Subtract Holding & Closing (~7%)	–\$21,000	\$144,000
Subtract Profit Target (~10% ARV)	–\$30,000	\$114,000
= Likely Cash Offer		\$114,000

This example is illustrative. Your actual offer depends on property condition, local demand, buyer type, and market competition. Always compare multiple offers.

5. 2026 Repair Cost Reference (Per Square Foot)

Scope	Cost / Sq Ft	Typical Work Included
Light Touch-Up	\$15–\$25	Fresh paint, new carpet, minor fixtures, curb appeal cleanup.
Cosmetic Update	\$25–\$50	Kitchen/bath refresh, new flooring, updated lighting, minor repairs.
Mid-Range Rehab	\$50–\$100	Full kitchen/bath remodel, new windows, roofing, moderate electrical and plumbing.
Full Gut Rehab	\$100–\$150+	Tear to studs — all new systems: electrical, plumbing, HVAC, structural work.

Sources: Angi, HomeGuide, RealEstateSkills.com — 2026 national averages. Minnesota metro costs may run 10–20% higher. Always get 2–3 contractor bids for your specific property.

6. Know Your Buyer — Who Pays What

Buyer Type	Typical % of ARV	Best For Sellers Who...	Watch Out For
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Fix-and-Flip Investor	60–70%	Need to sell fast; can't afford repairs; home has serious issues.	Opening offer is often 60–65% — push back to reach their 70% ceiling.
Wholesaler	55–65%	Want the absolute fastest close; willing to accept the lowest price.	They resell your contract to another buyer — ask if they are the end buyer.
iBuyer (e.g. Opendoor)	85–95%	Want near-market value with speed and convenience.	Service fees of 5–8% plus repair deductions after inspection can reduce net proceeds.
Buy-and-Hold Landlord	70–80%	Home is rentable as-is; seller wants more than a flipper will offer.	Slower decision process; may add more contingencies than a flipper.
Owner-Occupant (cash buyer)	76–84%	Home needs work but can attract individual buyers with cash equity.	Takes longer to find; usually requires an agent to market the property.
Traditional Listing (agent + MLS)	95–100%	Home is in decent shape; seller has 30–90+ days to close.	Agent commissions (~5–6%) and longer timeline; financing deals can fall through.

7. Quick Sanity Check Method

Step	What to Do
1. Find distressed comps	Search Zillow, Redfin, or MLS for the lowest recent sold prices in your neighborhood — specifically cash sales or as-is listings.
2. Set your floor	A typical investor offer will come in below those distressed comps, regardless of your home's repair condition.
3. Use it as a gut check	If a cash offer is near or above those comps, it's competitive. If it's far below, push back or seek additional offers.
4. Get multiple offers	Always compare at least 2–3 buyers. Ask each to walk you through their ARV, repair estimate, and profit margin.

8. Red Flags & Seller Tips

Situation	What It Means / What to Do
Buyer won't explain the ARV	A legitimate buyer will always show their math. If they can't, walk away.
Offer is far below 60% ARV	This is below even the investor floor. Negotiate or find another buyer.

Pressure to sign quickly	Reputable buyers allow reasonable review time. Urgency is a pressure tactic.
Large earnest money requested	Sellers do not pay earnest money. Reverse requests are a scam signal.
No proof of funds	Always request written proof of funds before accepting any cash offer.
Unknown wholesaler involved	Ask directly: 'Are you the end buyer?' A wholesaler is not the final purchaser.

This guide is for informational purposes only and does not constitute legal or financial advice. Repair cost data sourced from Angi, HomeGuide, and RealEstateSkills.com (2026). Cash offer percentages reflect national survey data; local markets vary.