

What is a *Comparative Market Analysis (CMA)?*



A home ultimately is worth what someone will pay for it.

Everything else is an estimate of value. To determine a property's value, most people turn to either an appraisal or a comparative market analysis.

An appraisal is a certified appraiser's estimate of the value of a home at a given point in time. Appraisers consider square footage, construction quality, design, floor plan, neighborhood and availability of transportation, shopping and schools. Appraisers also take lot size, topography, view and landscaping into account. An appraisal has a fee.

A comparative market analysis is a real estate broker's or agent's informal estimate of a home's market value, based on sales of comparable homes in a neighborhood.

To get a complete picture of your local marketplace, the CMA should include information about currently available comparable listings, pending sales, sales that occurred within the last 6 months, as well as information about listings that did not sell during the listing period. These are called expired listings.

For sellers, the currently available listings would be your competition if your home were on the market. How you price your home relative to the competition is critical to the success for your marketing efforts. If possible, visit Sunday open houses to see how your home compares before you select a list price.

Pending sale listings in your neighborhood represent the most recent sales activity. Try to find out as much about these listings as possible. Beware of the neighborhood grapevine. A combination of wishful thinking and enthusiasm can result in a rumor that a listing sold for an inflated price. The actual sale price may be quite a bit lower. And, that price may not be made public until the sale closes.

Even before you have the closing price, inferences can be made about the selling price based on the market history of the listing. Find out how long it took to find a buyer for the home. Were there multiple offers? Or, did the listing take months to sell? Did the sellers have to lower their price to attract a buyer? This sort of information tells you a lot about the current market conditions.

Expired listings usually indicate a high water mark. The most common reason why an expired listing didn't sell during the listing period is that it was priced too high for the market.

The real estate agent or agents that will provide your CMA do this with the anticipation they will be given the opportunity to list and sell your home if and when you decide to place it on the market. In addition, your CMA will be provided to you at no cost and without obligation.