

## **What is a Comparative Market Analysis or CMA?**

*The best method available to home sellers to learn their home's current value so they can select the best sale price is a CMA.*

Everyone who has ever sold a car knows they have to first find out how much it is worth and what people are willing to pay for it. It's easy to gather the information you need to set a price from newspapers, the Blue Book, or online used car sales sites. When you've gathered this information you can then set a price that potential buyers will find attractive. It's really pretty simple and requires very little pricing expertise.

If you want to sell your home, it's not so easy and it's certainly not simple. The value of your home is much more difficult to predict and the information available to home sellers can be untrustworthy. Online home valuation sites are fun to play with, but they are based on past sales, not current market factors. Newspaper listings give you some information, but houses are usually so different that it's hard to compare.

The best method available to home sellers to learn their home's current value so they can select the best sale price is a CMA, or Comparative Market Analysis. CMA is the term real estate agents use when they conduct an in-depth analysis of a home's worth in today's market.

The best part about a CMA is that it's usually free!

### **When should I ask for a CMA?**

If you don't get a CMA before you list your home you might try to sell it for the wrong price. Setting the price too low means you'll get less money for your home; setting it too high means it might not sell at all. Every real estate agent in the country will want to complete a CMA on your home before helping you sell it. Sellers who haven't yet chosen a real estate agent often ask several agents to complete CMAs so there is opportunity to meet different agents and to see how they work.

### **How is a CMA prepared?**

First, an agent will walk through your home. The home does not have to be in perfect condition. However, property condition does affect price, so if you plan to do work on the property, let the agent know. At this point the agent may recommend improvements to increase your home's value.

Second, the agent will research information about comparable properties in the area, usually using a real estate industry resource called the Multiple Listing Service. This includes:

- ◆ **Properties that have sold and closed within the last 12 months**
- ◆ **Active listings - properties currently for sale**
- ◆ **Pending sales - listings that have sold but not yet closed**
- ◆ **Expired listings - properties that did not sell during the listing period**

Lastly, the agent suggests a probable selling price. Don't be surprised if a CMA results in a price range rather than a set price, particularly in markets where there are price differences due to property size, age, architectural style or physical condition.

### **What can you expect to see in a CMA?**

A completed CMA is presented in the form of a report, which includes the selling price, detailed information about your home, and the comparable properties that were researched to determine its value. Because the price derived from a CMA is somewhat subjective, some agents may include brief statements on the perceived selling points your home.

### **A CMA is not an appraisal.**

A real estate appraisal is a comprehensive evaluation performed by an independent professional appraiser. With a CMA, the agent's experience in the business and familiarity with the local area can affect the accuracy. Typically, a CMA prepared by an experienced agent with good knowledge of the local market is right in line with your home's appraised value. A CMA can therefore be a very useful tool in a real estate transaction.

When selling your car, an incorrect price might cost you a few hundred dollars. If you set the wrong price for your home, you could lose tens of thousands of dollars.

Do your homework and ask a real estate professional for a Comparative Market Analysis to ensure you get the most value for your home.

I will perform the comparative analysis to educate you before you sell and to ensure you price your home properly. No one wants to give equity away, but an over priced home will not sell either. My years of experience enable me to accurately assess your home's value. There is no cost and no obligation to use my professional real estate services. But of course, I would love to be your realtor.