

## Determining Home Values

How much is a home worth? The simple answer is that a home is worth what someone is willing to pay for it. But most valuations begin with the basics to create a baseline price: the age of a home, its square footage, lot size, neighborhood and previously assessed value.

Obtaining a quick, ballpark figure is relatively easy to figure online with the help of home value estimators. These calculators work with data you can input, such as square footage, and use that to compare to similar homes nearby that have sold recently.

To obtain more specific valuations, real estate agents perform comparative market analysis, or “comps,” that involve more in-depth research than an online estimator can offer. Because agents have access to databases that include more specifics on properties in a neighborhood that have sold over the past 90 days, they can arrive at an average baseline of



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### REAL ESTATE 101

#### Valuable Information

Pricing and preparing your home for sale can be a confusing and tedious process. But understanding everything that goes into a listing that creates buyer interest and a quick sale is worthy of a deep investment of your time. Visit The Mortgage Reports to see detailed summaries of each step in the process at <https://bit.ly/2kgSNQv>.

a property's value.

Home prices are also based on appraisals performed by professionals and usually hired by lenders to ensure a property is selling at or above market value before lending on it.

No two homes are exactly alike, even though they may appear similar. Agents consult

owners to factor in any upgrades, renovations or customizations that may increase a home's worth. Expensive appliance or additions don't show up in sales records, so smart agents investigate to provide sellers and buyers a custom valuation based on these variables.

Arriving at property values is a mix of these objective and subjective factors that normally result in a formula for real estate agents to determine home prices. But “normal” is often not the case in the housing market. Imbalances between supply and demand, or vice versa, and such chal-

lenges as escalating foreclosures can present challenges to valuations.

Because sellers always believe their homes are worth more than a valuation, a higher sale price could result in it remaining on the market for too long and lead to stigma and suspicion.

Going low to attract attention and generate bids may work in a hot seller's market, according to Realtor.com, but underpricing tends to lead buyers to believe a home is worth only its list price.

Finding the “right” price can be tricky business. Diligent agents will come up with different prices, according to the website The Mortgage Reports. Different brokers, with different perspectives, may well suggest different values. The important issue for property owners is to understand why a broker suggests a particular price the site reports. After all, a home that sits on the market too long benefits no one, least of all an agent whose income depends largely upon commissions.

There are a variety of other practices that Realtors use to increase values and attract buyer interest, so enlisting the help of these professionals is always solid, practical advice.

Even if you're not interested in selling, having a grasp on what your home is worth is always a smart move.



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To obtain more specific valuations, real estate agents perform comparative market analysis, or “comps,” that involve more in-depth research than an online estimator can offer. Because agents have access to databases that include more specifics on properties in a neighborhood that have sold over the past 90 days, they can arrive at an average baseline of a property’s value. Home prices are also based on appraisals performed by professionals and usually hired by lenders to ensure a property is selling at or above market value before lending on it. No two homes are exactly alike, even though they may appear similar. Agents consult owners to factor in any upgrades, renovations or customizations that may increase a home’s worth. Expensive appliance or additions don’t show up in sales records, so smart agents investigate to provide

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## HOMEWIS E GLOSSARY

**Metes and bounds:** Land measurement of real property described by using directions, angles, and distances. To properly describe the subject property it begins and ends at the same point and is usually done by a licensed surveyor.

SOURCE: MLS.com

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