

Comparative Market Analysis

Interested in finding out your home's value based on the area market? A comparative market analysis provides you with all the information you need on sales of other houses in your neighborhood of similar size and age.

Oftentimes, the first time homeowners hear about comparative market analysis is when a real estate agent advertises the service. The idea is that people will decide to sell if they have a better idea of what their neighbors are getting.

They provide critical information on comparable properties, helping guide you toward a number that will fit into the sales prices around you. They also help you get a better perspective on what you can expect to walk away with after the sale.

AREA COMPS

Agents calculate a comparative market analysis by looking at the final sales figure for homes with the same



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REAL ESTATE 101

What's a Good Faith Estimate?

This document outlines costs associated with your mortgage, including loan-origination fees, title search and insurance, credit report fees, appraisal costs and application fees, document recording fees, escrow charges and transfer taxes.

number of beds and baths, within a designated area around your property and within a set number of square

feet when compared with your home size. The figures, commonly called "comps," may also be narrowed down

even further by ZIP codes, school districts and date of sale. The more of these restrictions are put in place,

the more accurate the analysis.

Of course, in some cases, agents won't be able to compare apples to apples because no area home precisely compares. They will make adjustments based on differences in things like garage size, completed renovations, even terms and financing. Homes that are sold for cash, for instance, typically change hands at a lower price. Timing is also key, since markets may change with sales that date back to far in the past.

HOW TO USE IT

Many real estate websites now offer valuation figures, but they aren't usually as accurate as a comparative market analysis from a local agent. Either way, they only provide an estimate of the price you might get for your home. There are no guarantees. Qualified real estate professionals typically get closer to the actual selling price, however, because they are more personally familiar with the area market. They can also account for things that might not be immediately apparent with a listing, like proximity to a busy highway or to an inviting local park. Local representatives will take these intangibles into account as well, giving you the clearest possible portrait.



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Agents calculate a comparative market analysis by looking at the final sales figure for homes with the same number of beds and baths, within a designated area around your property, and within a set number of square feet when compared with your home size. The figures, commonly called "comps," may also be narrowed down even further by ZIP codes, school districts and date of sale. The more of these restrictions are put in place, the more accurate the analysis.

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HOMESWISE GLOSSARY

Transfer tax: A tax that is collected at closing for the transfer of ownership of real property. **SOURCE:** MLS.com

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