

# Comparative Market Analysis



## WHAT IS A COMPARATIVE MARKET ANALYSIS (CMA)?

Ever wonder how a real estate agent decides on a selling price for a property? Or how to make an offer on a home for sale that's likely to be accepted with little to no negotiation? By using a very helpful industry tool called a CMA.

A **CMA**, or **Comparative Market Analysis**, is an estimate of a property's market value, based on a professional assessment of both the property itself and other similar properties in the same area that are either currently listed for sale or have recently sold. A CMA helps agents and their clients arrive at the proper price point for a home, whether it's one they want to sell or one they intend to purchase.

**CMA vs. Appraisal:** A CMA is performed by a licensed real estate broker, while an appraisal is performed by a licensed appraiser. While both are estimates of a property's value, they are not one and the same. Ask your broker to explain the difference and when each type of valuation should be used.

**Online CMA vs. Broker CMA:** You can get a quick estimate of your home's value using an automated **CMA calculator** online. While this can be a good place to start, a Broker CMA is a much more personalized and accurate estimate of your home's value, because a broker visits your home and factors in additional market knowledge to arrive at a value.

**How does it work?** When I perform a CMA on a potential listing, I do a number of things to help determine the property's value:

- ✚ Visit the home and tour the property.
- ✚ Discuss the property with the homeowner to learn about unique characteristics, recent upgrades, and other factors that affect property value.
- ✚ Research the market value of other similar properties in the area—these include properties that are currently listed for sale and those that have recently sold.
- ✚ Determine where the subject property falls among the other properties examined.
- ✚ Arrive at a listing price for the property.

**Seller/Listing CMA:** A comparative market analysis is essential for arriving at the best listing price for your home. Other available homes for sale are a major factor when it comes to selling yours, so those homes become part of the pricing process.

**Next Steps:** Thinking about listing your home? A professional CMA is the place to get started, for both pricing your home and choosing an agent.

**Buyer CMA info:** When you're on the purchasing side of things, your real estate broker should perform a market analysis of any home or property you're considering making an offer on. A property valuation is essential for deciding on the right offering price, and aids in the counteroffer and negotiation process as well.

**Next Steps:** If a CMA shows that a property is priced above market value, you may consider making an offer below the asking price.

## **I'm unhappy with my current**

**CMA:** If this describes you, I can help. Many homeowners hire a realtor to perform a professional CMA, but end up feeling like their property has been improperly valued. It's always a good idea to get a second opinion when something doesn't seem right.

**Next Steps:** If you haven't already signed a **listing contract** with an agent, you can ask a different realtor for a second opinion on your home's value. **Contact me** for a CMA anytime, I'm happy to help!