



Difference between a comparative market analysis, opinion of value, and an appraisal.

All three provide information about the value of a property. A CMA or an opinion of value can provide useful information to kick off the selling process but if you need more information, a full appraisal can provide an in-depth analysis.

CMA (generally free and done by most real estate agents)

A comparative market analysis (CMA) is a report prepared by a real estate agent to help a client determine the value of a home. The report generally analyzes three or more recently sold properties like the home in question, usually chosen based on their similarities in size, location, age, and quality.

CMAs should include descriptions and data points for the comparable properties (called 'comps' for short) that help determine the fair market value of the home being evaluated. The most accurate comparable homes are typically sold within the past three to six months. However, in rural areas or slower real estate markets it can be challenging to find recently sold comps.

Properties that will likely be omitted from a CMA are active listings, pending listings and deactivated listings.

No two homes are identical, so finding an exact match is impossible. Agents will try to get as close as they can to the home in question and then adjust as necessary to make an informed recommendation as to the home's value.

Opinion of Value (generally used by lawyers/banks for probate)

A broker or salesperson may also provide a letter that briefly provides their Opinion of Value in written form. The opinion of value typically contains less background information than you would receive from a CMA.

Appraisal – (done by a qualified appraiser for a fee)

The steps taken for an appraisal are more extensive and formal.

As part of their analysis, an appraiser will visit your home to look at aspects of the property that would influence its value, including its size, design, finishes, systems, the quality of any improvements, lot size and any amenities, deficiencies or required repairs.

The appraiser will then research comparable properties that have recently sold or are active in the area. With that information in hand, they'll focus on the most comparable sold properties and make calculations to account for the differences between those properties and your home. That information plus data on general market conditions will then allow them to provide an appraised value for your home.

They'll also produce a detailed report with their analysis. The appraisal report may also contain a summary of the appraiser's qualifications and any limitations of the report. When disputes arise about the value of a property and end up in court, typically an appraisal is required.

Benefit of using a Real Estate Agent

CMAs are an important tool in the home buying and listing process. Without a properly prepared CMA, you risk overpaying for a home or listing too high and as a result selling for less than market value.

Real estate agents have access to additional information that buyers themselves may not. For example, if an agent sees that a comparable property sold for a usually high or low price, they may be able to call the listing agent to ascertain why. Offers could have been unconditional or the closing date being offered was perfect for the seller or perhaps a stigma. Sometimes issues happen with the home inspection and/or septic that really influence the final selling price point. Real estate agents also have a good understanding of the local area and what types of homes are in the highest demand.

If you want a CMA done on your home, please give us a call.

