

Pricing – Appraisal – Valuation

Characteristics of Values Sellers Should Know:

Demand – Demand is in the eye of the beholder. It varies from person to person. The demand for a particular piece of real estate changes as the wants of each individual changes.

Utility – In order for real estate to have value it must have usefulness or utility. Usefulness creates a desire for possession and has the power to give satisfaction. Will the typical buyer in the marketplace have their needs met by purchasing your home?

Scarcity – In order for real estate to be of value it must be relatively scarce. If too many houses like yours are for sale, it will negatively impact the value of your home.

Purchasing Power – Purchasing power is created by desire. Can the buyer who desires the property afford the property? The more people that can afford the property, the better.

What You Need to Know About a Real Estate Appraisal:

- It's an objective opinion of value. If three appraisers appraised the same property, they might assign three different estimates of value.
- Most sellers, buyers and lenders want an appraisal that reflects the market value rather than the insured value, assessed value, sentimental value or other types of value.
- An appraiser's estimate of value typically reflects the current market conditions in the subject property's marketplace. This can change dramatically if market conditions shift.
- The appraiser's estimate of value reflects the most probable price the property will sell for without special considerations or circumstances.
- The best indicator of market value for residential property is found by applying the sales comparison approach.
- Most lenders base a buyer's loan amount on either the sales price or the appraised value of the property; whichever is less.
- Many homebuyers today are writing their offers to purchase subject to the property appraising at or above the sales contract price.

What Every Appraiser Considers When Comparing Your Properties to Others:

- Market conditions on the date of sale
- Location
- The site/view both looking at the property and looking from the property out
- The design and appeal of the dwelling
- The quality of construction
- The age of the property
- The condition of the property
- Total number of rooms
- Number and type of rooms (bedrooms, bathrooms, etc.)
- Square footage (gross livable area)
- Is there a basement? Is it finished? If so, number and types of rooms.
- How functional is the property?
- Is there central air conditioning?
- What type of car storage is available?

- Are there any special features that your property offers? (porches, patios, pool, fireplace, etc.)
- Were there any special financing or special sales considerations that might have impacted value for the comparable properties?