



3<sup>rd</sup> Stage/ Spring Semester/ Housing

## Real Estates Market Analysis

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### What is a Real Estate Market Analysis?

A real estate market analysis is often called a comparative market analysis (CMA).

- A comparative marketing analysis (CMA): It's basically an analysis of the current market values of properties, comparable to a property you are looking to buy or sell.
- A CMA is a helpful tool to determine the market value of your own property, especially if you are trying to decide an accurate selling price prior to listing.

### Why Should We Do a Real Estate Market Analysis?

- It will help to understand the current housing market, how much properties like yours are value, and if it's an investment property, how much you can charge for rent.
- The information that which gathered helps the seller choose a listing price and helps buyers see if the asking price is too high, low or reasonable.
- By comparing similar properties on the market, you will be able to accurately put a price on a home.

### How to Do a Real Estate Market Analysis?

1. Property analysis
2. Assess the original listing price
3. Check property value Estimates
4. Search comps
5. Determine a price range
6. Assess the home in person
7. decide the market value

#### Step 1- Property Analysis

The following characteristics should be evaluated:

- ✓ Area and neighborhood:
- ✓ Lot size (Size or square meters).
- ✓ Number of bedrooms and bathrooms.

- ✓ Other rooms.
- ✓ Number of floors.
- ✓ Construction age.
- ✓ Amenities and features.
- ✓ Proximity to local amenities.
- ✓ Recent or notable improvements.

### **Step 2- Assess the Original Listing Price**

Once done the property analysis, look online for the original listing, if possible. This will give you a good idea of the general condition of the home. Go through the photos and descriptions for any upgrades, remodels, or potential issues.

### **Step 3- Check Property Value Estimates**

Real estate's offices can give the estimated market value of the home. As these are market value estimates, they may not be totally accurate, especially if changes have been made to the home. But this will provide a good starting number to go off as you continue your real estate market analysis.

### **Step 4- Comparison Process**

- ✓ Comparable properties should have the same number of bedrooms and bathrooms, located in the same neighborhood, similar lot size, age of home and features.
- ✓ Identify Recently Sold Properties in the Area. By looking up sold listings online, you will be able to see exactly how much similar homes sold in the area.
  - Look at past listings within a radius of (1-3) miles from your property.
  - Search for homes that were sold in the last three months, as this will give you the most accurate value as market trends fluctuate.
  - Then, if necessary, expand your search to the last six months.
  - Pick three to five comparable properties and add them to your list of comps.

### **Step 5 – Determine a Price Range**

- ✓ Now that you have collected a list of all the necessary information, it's time to determine a price range for your property.

- ✓ Set Your Ceiling Value (maximum price): Choose one property from the three to five comps you found, that is value more than yours. This number will be your ceiling value or at the maximum of your price range.
- ✓ Set Your Floor Price (minimum price): Then pick a property that is value less than yours. Maybe it is located on a busy street, has fewer features, or less desirable curb appeal. This number will be your floor price or the minimum of your price range.

### **Step 6- Assess the Home in Person**

There is no better way to accurately price a home than to assess it in person, if possible. When walking through the property, take note of factors that will impact value, such as: overall condition, any additions or upgrades, amenities, features, necessary upgrades or repairs, as well as the exterior and landscaping.

### **Step 7- Decide the Market Value**

- Based on all your research, you should have a price range for what your property is worth.
- Consider everything you observed while walking through the home and how it will impact the value.
- Then, take the selling prices of the comparable homes on your list, divide that price by their square footage, and get the price per square foot for each home. Once you have calculated the average price per square foot of your comps, multiply that by the square footage of the home you are trying to sell or buy.
- Finally, decide where your property located within the established price range. This number is the market value of your home.

### **How to determine average market price from comparable properties?**

1. Research 5 comparable properties with:
  - Square meter.
  - Selling Price.
2. Calculate price per square meter for all 5 properties (price divided by square meter = PPSM)
3. Find average price per square meter of 5 properties.
4. Multiply property's square meter by average PPSM of comps
5. This number is approximate property value.

### **Example of Calculating Average Price from Comps:**

Here's an example of a comparable market analysis (CMA) to help you determine average prices from comparable listings.

- Let's say your property is 2,500 square feet and after researching you have five comparable homes:
- Home one: 2,700 square feet and sold for \$490,000 (price per square foot: \$181)
- Home two: 3,000 square feet and sold for \$510,000 (price per square foot: \$170)
- Home three: 2,200 square feet and sold for \$455,000 (price per square foot: \$206)
- Home four: 2,400 square feet and sold for \$475,000 (price per square foot: \$197)
- Home five: 2,650 square feet and sold for \$485,000 (price per square foot: \$183)
- The average price per square foot of these five comparable homes is \$187.40. Then multiply your property's square footage (2,500) by the average price per square foot (\$187.40), giving an approximate home value of \$468,500. This is an accurate estimate of how your home should be priced.

**Q/What is the property price in Gnan city, which has an area of 1000 square meter? After researching you have five comparable homes in same neighborhood, what is the total price of this house?**

- Home one: 250 square meter and sold for \$120,000.
- Home two: 330 square meter and sold for \$140,000.
- Home three: 350 square meter and sold for \$195,000.
- Home four: 450 square meter and sold for \$220,000.
- Home five: 600 square meter and sold for \$330,000.