CHAPTER 8
Comparative Market Analysis
Appraisal
supported, defended estimate of the market value of property rights as of a given date.

Comparative Market Analysis (CMA)
An estimated value of property for use by buyers and sellers. It is focused on properties currently for sale, recently sold properties and expired listings.

Brokers Price Opinion (BPO)
An estimate usually determined by a quick look at the property and completing a form report for the requesting company.
### Differences between Appraisals, CMAs, and BPOs

<table>
<thead>
<tr>
<th></th>
<th>Appraisal</th>
<th>CMA</th>
<th>BPO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approaches to Value</strong></td>
<td>Market, Cost, Income</td>
<td>Market</td>
<td>Market, Income</td>
</tr>
<tr>
<td><strong>Detailed Adjustments</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td><strong>Specific Value</strong></td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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<tr>
<td><strong>Types of Properties</strong></td>
<td>Sales</td>
<td>Sales, Listings, Expireds</td>
<td>Sales, Listings</td>
</tr>
<tr>
<td><strong>Preparer Involved in Transaction</strong></td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td><strong>Types of Properties Valued</strong></td>
<td>All</td>
<td>Residential</td>
<td>Residential</td>
</tr>
<tr>
<td><strong>May Charge Fee</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td><strong>Federally Related Transaction</strong></td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Must be Licensed Appraiser</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Show Repairs Needed</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
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</tbody>
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Sales Comparison Approach

Compare recent market sales of:
• Solds (previous 12 months)
• Currently for sale
• Expired listings
Information Needed for a CMA/BPO

- Owner’s address & name
- Property description
- Lot size
- # of rooms/square footage
- Age & construction quality
- School system\n- Taxes
- Current market financing
- Outstanding mortgage
- Utilities
- Appliances included
- Zoning
- Personal property in sale
- Environmental concerns
Sources:
• Multiple Listing Service (MLS)
• Property tax records
• Listing agent
• Buyers agents
• Internet
• Property owners

Obtaining Comparables
Common Elements of Comparison

- Location
- Size/shape of lot
- Landscaping
- Construction quality
- Style
- Design
- Age
- # of rooms, bathrooms
- Gross living area
- Kitchen
- Other space
- Exterior/interior condition
- Garage
- Other improvements
Comparison Process

• Use 3 – 5 properties for comparison
• Adjust the sales price of the comparables
Basis for Adjustments

Making the Comparable Adjustments

Memory Aid

Comparable Better Subtract CBS Comparable Inferior Add CIA
• Photos of subject property
• Photos of comparables
• Zoning information
• Environmental information
• Square footage measurements
• Survey
Miscellaneous

Misrepresentation of Value
• Top 10 list of items licensees are sued for

Licensees cannot refer to CMA as a appraisal
• F.S. 475 violation
Coffee Break

15 Minutes