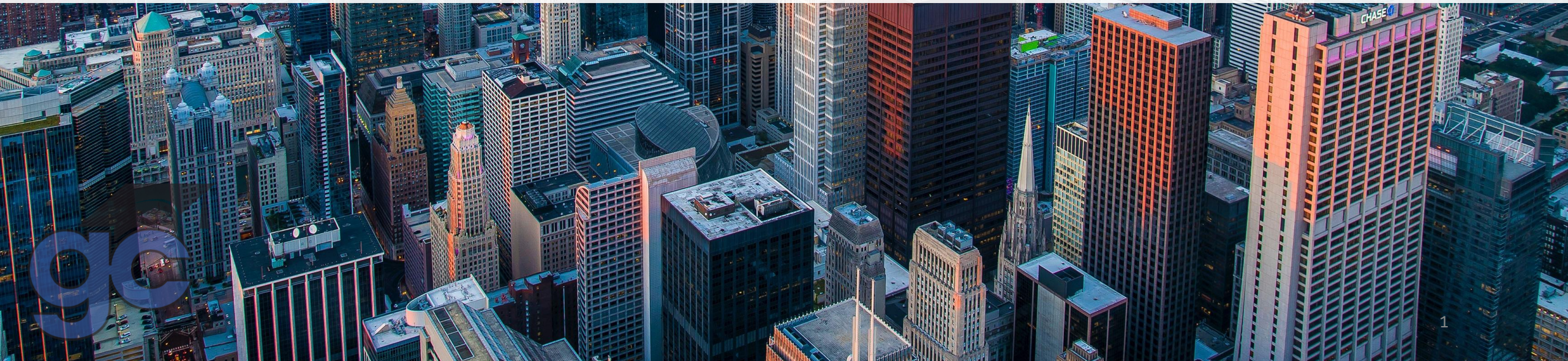




CHAPTER 8

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.



Appraisal vs CMA/BPO

Differences between Appraisals, CMAs, and BPOs

	Appraisal	CMA	BPO
Approaches to Value	Market, Cost, Income	Market	Market, Income
Detailed Adjustments	Yes	No	Yes
Specific Value	Yes	No	No
Types of Properties	Sales	Sales, Listings, Expireds	Sales, Listings
Preparer Involved in Transaction	No	Yes	Yes
Types of Properties Valued	All	Residential	Residential
May Charge Fee	Yes	Yes	Yes
Federally Related Transaction	Yes	No	No
Must be Licensed Appraiser	No	No	No
Show Repairs Needed	Yes	No	Yes



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|Taxes
- Current market financing
- Outstanding mortgage
- Utilities
- Appliances included
- Zoning
- Personal property in sale
- Environmental concerns


An aerial photograph of a dense residential neighborhood. The houses are multi-story, featuring dark brown tiled roofs and walls in various colors including yellow, light blue, and white. The houses are closely packed together, with some greenery visible between them. The image is split vertically: the left half is faded and serves as a background for the text, while the right half is in full color and contains the title.

Sources:

- Multiple Listing Service (MLS)
- Property tax records
- Listing agent
- Buyers agents
- Internet
- Property owners

Obtaining Comparables

- 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

A photograph of a person's hands holding a newspaper. The newspaper has several headlines visible, including 'Afghanistan's contradictions', 'AN UNEXPECTED RENDEZ-VOUS', and 'The New York Times'. Overlaid on the right side of the image is a white box containing the text 'Common Elements of Comparison' in a large, bold, black sans-serif font.

Common Elements of Comparison

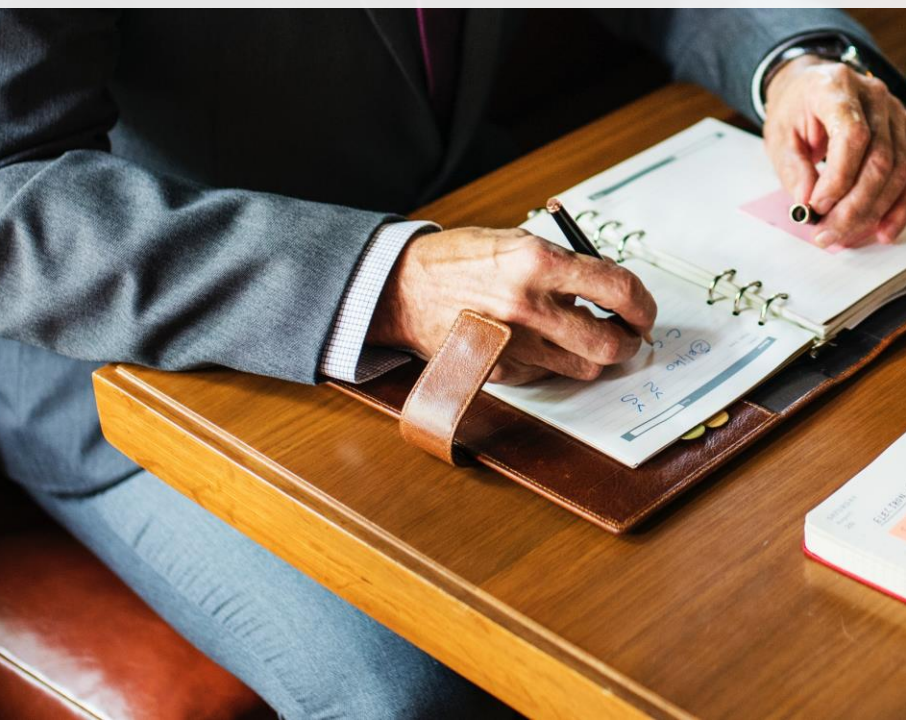


Comparison Process

- 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

Attachments to CMA/BPO

- 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