

# What's a Comparative Market Analysis?

As a homebuyer you don't want to overspend on their new home. But how do you know if the listing price is fair?

A great resource is a competitive market analysis, also known as a CMA, which offers valuable insights into your local market dynamics.



## CMAs versus automated valuation tools

Many buyers assume relying on price estimates displayed on property sites is okay. While these algorithms are a convenient starting point, they don't incorporate all the factors.

Your buyer's rep sees homes constantly and can share professional insights on how a house compares to other properties in the area.

## How do real estate agents create a comparative market analysis?

Most agents follow these general guidelines:

### ● Step 1. Select comparable properties.

First, they will identify at least three recently sold properties similar to the home you'd like to buy. Ideally, these comparable homes (or "comps") are similarly sized, located within one mile, and share the same school district.

Agents only include completed real estate sales because they reflect a valid market price—the amount a buyer and seller agreed upon. In contrast, listing prices only indicate a seller's desired price.

### ● Step 2. Adjust for differences.

Properties are rarely identical, so it's essential to factor in price adjustments based on differences in square footage, age, property upgrades, location, and other factors.

After evaluating each comparable property, your agent can determine an appropriate price (and range) for your desired property. This analysis can increase your confidence that you're making a fair and competitive offer without paying too much.

### Going a step further.

Sometimes, a property currently under contract would make an excellent comp, even though the sale hasn't closed yet. In this case, your buyer's rep can ask the listing agent about the contract price and other offers submitted, so you'll have an inside scoop on the most current pricing trends.

Helping you evaluate property prices is just one of the many ways I as an Accredited Buyer's Representative (ABR®) can improve your homebuying experience.

