CMA – Price it Right for Tempo
Course Handout

by the Houston Association of Realtors®

3 Hours MCE Credit
Course #: 30420

Overview

CMA stands for Comparative Market Analysis. These reports are designed to show a property's value based on other like properties that have recently sold. CMA's are designed to give an overview of facts such as approximate square footage, number of bedrooms and baths, room sizes, location and amenities such as fireplaces and pools.

Many times a CMA may include homes that are currently for sale to show what the existing competition is. Most of the calculated numerical values, such as price per square foot, will be derived from properties that have sold within approximately the past six months.

Generating an accurate CMA is not a science because it is also subject to perception as to the condition and appeal of the home. What has great appeal to one person may not be important to another.

Remind the seller that you are not an appraiser; you are there to give a suggested list price based on a combination of facts and perception.

A CMA can also be generated for buyers who want to know the value of a home before making an offer on it. For legal purposes, it is recommended you have a Buyers Agency Agreement signed before running a CMA for buyers.

Subject Property Information

A. The homeowner (and/or tenant when applicable)
B. Tax/Public Records
C. Previous MLS entries

(A) The homeowner:
There is other information you will want to gather as you talk with the seller, including:
1. Any room additions/changes to the home
2. Upgrades such as paint, AC or carpet
3. Condition of home (any defects such as foundation problems or termites, updates, repairs, etc.)
4. Location of the home, cul-de-sac or on a busy street
5. Major insurance claims such as flooding
6. Financing items (i.e. current mortgage info, willingness to contribute to closing costs/repairs, etc.)

(B) Tax Records
Using the Realist Tax search will help you gain immediate information about the subject property. You will need to verify this information with the prospective seller, especially the square footage as recorded. Also, note any improvements that have been made to the property.

note: if data does not exist in a certain field, the field will not be shown at all. i.e the home does not have a pool or no tax exemptions, the fields will not show at all. Please make sure to check the CAD in conjunction with Realist Tax to verify for accuracy.

4609 Tonawanda Dr, Houston, TX 77035-3717, Harris County

Property Detail	Comparables	Market Trends	Neighbors	Neighborhood Profile

3	2,074	8,400	N/A
Beds	Bldg Sq Ft	Lot Sq Ft	Sale Price
2	1955	SFR	N/A
Baths	Yr Built	Type	Sale Date

Owner Information

Owner Name:	Kornfueher Keith	Tax Billing City & State:	Houston, TX
Owner Occupied:	Yes	Tax Billing Zip:	77035
Carrier Route:	C026	Tax Billing Zip+4:	3717
Tax Billing Address:	4609 Tonawanda Dr		

Location Information

| Subdivision:	Willow Bend Sec 04	Topography:	Flat/Level
School District Name:	Houston ISD	Census Tract:	4203.00
Neighborhood Code:	7458.01	Map Facet:	5153B

Information from the tax record includes:

❶ Bldg Sq Ft: 2,074
❷ Built: 1955
❸ Remodeled: n/a
❹ Bedrooms: 4

❺ Baths: 3
❻ Swimming Pool: n/a
❼ Story Height Index: 1 (aka stories)
❽ Lot Sq Ft: 8,400

Additional Reports in Realist Tax Records

In addition to the **Property Detail** report, the following reports are also available from Realist Tax: Taxes

- o **Comparables** - *uses a mileage radius and other basic criteria which can be adjusted using the Modify button in the lower right of the screen or in the Preferences defaults*
- o **Market Trends** – *includes Zip, City and County specific information on pricing trends, market activity and distressed properties.*
- o **Neighbors** –*data on homes geographically close (default is .5 miles) to the subject property*
- o **Neighborhood Profile** – *includes demographics of population, housing, quality of life and education based on Zip as well as public and private school data and local businesses within a 3 mile radius.*
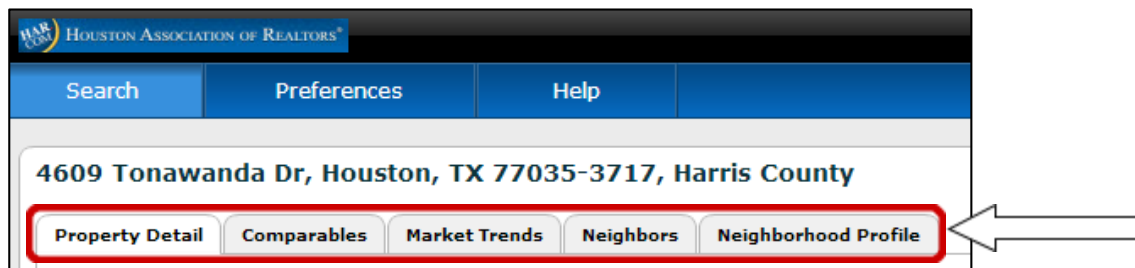
If the Property has any foreclosure related data, a tab for that information will appear. If no foreclosure history exists, there will be no foreclosure tab.

(C) Previous MLS entries can give you a lot of helpful information, but caution needs to be taken when relying on the input of someone else. Also, keep in mind, the condition of the home may have changed since it was last entered in MLS. Depending on how long ago the listing was in MLS, and Sold price info would likely not be relevant to your current CMA. Once you acquire a new listing, you need to take your own pictures and room measurements for your MLS entry rather than ever 'borrowing' any previous MLS data.

Selecting Comparables (Comps)

Selecting your comps is the most time consuming and important part of the market analysis. You generally want at least a minimum of 3 properties that have sold within the past 3 months in near proximity of the subject property. What properties have recently sold for is what most heavily determines market value.

You will also want to include:
 (1) 3 Active Properties to show what the competition is at that given time.
 (2) Any Pending Properties to show what "like houses" are currently receiving offers

Please remember that SOLD Data is what determines the market. You always need at least a minimum of 3 properties to compare any status code. A CMA can still be completed if there is not any active or pending data.

When filling in search criteria, be careful **_not_** to put in too much information. For example, if the subject has a two-car garage, you might not want to eliminate an otherwise good comp because of the garage. There is no exact science. In the case of the example, the following criteria might be entered:

Subdivision:	Willowbend	Bedrooms:	3 min.	Pool:	*{same as subject}*
SqFt:	1800 - 2200	Closed Date:	*{approx. 3-6*	Stories:	*{same as subject}*
Year Built:	1950 - 1960	*months back from current}*			

Your *goal* is to find a minimum of 3 Solds comparable properties to use. Revise your search accordingly, but more importantly, read through all your results to hand select only those properties that would make

an appropriate comp on all levels. It is better to have 1 good, solid comp than it is to have 3 mediocre ones, so focus on choosing the best comps first and foremost.

Per the National Association of REALTORS below are some tips when choosing comparable properties:
SOLD Data from 3 up to 6 months:

Sold Comps – Date of Sale

Stable Market	Changing Market
No more than 3% change in price in last 6 months	More than 3% appreciation or depreciation in last 6 months
Comps no more than 6 months old	Comps no more than 3 months
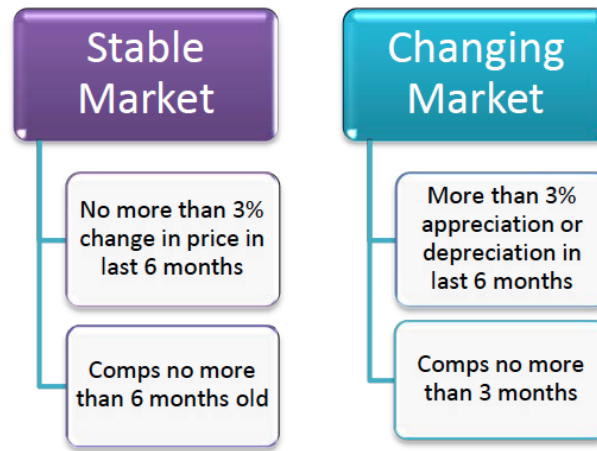
Adjusting the Comps: (Please note: only put $$ amounts if you actually know them per the labor and material cost). Do not make up your own bogus dollar amounts as we are not Appraisers. Contact an Appraiser for adjustment specific in the subject property area as every area is different. The refine value in Realtor(r) Property Resource can be a great tool as it gives data down to the labor and material cost specific to the zip codes.

Definitions To Remember:

Mean, Median, Mode and Range

Mean, median, and mode are three kinds of 'averages'. There are many 'averages' in statistics, but these are the three most common.

- The 'mean' is the 'average' you're used to, where you add up all the numbers and then divide by the number of numbers.

- The 'median' is the middle value in the list of numbers.

- The 'mode' is the value that occurs most often. If no number is repeated, then there is no mode for the list.

- The 'range' is just the difference between the largest and smallest values.

Adjustments To Comps Tips:

Comp is Superior	Comp is Inferior	Comp is Equal
• Subtraction from the known sales price of the comp	• Addition to the known sales price of the comp	• No adjustment to the known sales price of the comp

Adjusting for Age

Subject is:	Adjust only if comp is:
▪ 0 – 15	+/- 5 years
▪ 16 – 30	+/- 8/10 years
▪ 31 – 50	+/- 15 years
▪ 51 – 75	+/- 20 years
▪ 76+	+/- 25 years

Adjusting for Lot Size

Subject is:	Adjust only if comp is:
▪ Less than one acre	+/- 25%
▪ 1 – 3 acres	+/- .5 acre
▪ 3.1 – 6 acres	+/- 1 acre
▪ 6.1 – 12 acres	+/- 2 acres
▪ Over 12 acres	+/- 20%

Absorption Rate:

Determining Market Value

Sellers Market	• 1 to 4 months inventory
Normal Market	• 5 to 6 months
Buyers Market	• 7+ months

When reviewing a property for selection, consider the following from the available MLS data:

Agent Remarks - Private: This section will reveal the general condition of the home and what updates, if any have been made. **Public Remarks** can also contain additional helpful information.

Pool: You do not want to use a comparable property with a pool against a subject that does not have a pool unless you have to.

Lot Description: Important considerations here are Golf Course and Waterfront or Water View properties, which would significantly increase the value.

Financing: You want to compare "apples to apples" even in financing where possible.

After all the comparables have been selected, view and perhaps print out the statistics for those properties. Statistics are generated from the Quick Search results screen.

Statistics from Quick Search

A - 8 Properties Found

	SqFt	Beds	FB	HB	LP/SqFt	List Price	SP/SqFt	Sale Price	SP/LP %	DOM	CDOM	Year Built
Min	1583	2	2	0	108.49	179500	0	0	0 %	2	7	1954
Avg	1763.88	2.88	2	0	127.97	225725	0	0	0 %	75.25	112.88	1955
Max	2074	3	2	0	153.99	245000	0	0	0 %	222	222	1955
Median	1727	3	2	0	127.27	231950	0	0	0 %	55	110	1955

PS - 1 Properties Found

	SqFt	Beds	FB	HB	LP/SqFt	List Price	SP/SqFt	Sale Price	SP/LP %	DOM	CDOM	Year Built
Min	2206	4	2	0	90.21	199000	0	0	0 %	20	20	1955
Avg	2206	4	2	0	90.21	199000	0	0	0 %	20	20	1955
Max	2206	4	2	0	90.21	199000	0	0	0 %	20	20	1955
Median	2206	4	2	0	90.21	199000	0	0	0 %	20	20	1955

S - 3 Properties Found

	SqFt	Beds	FB	HB	LP/SqFt	List Price	SP/SqFt	Sale Price	SP/LP %	DOM	CDOM	Year Built
Min	1720	3	2	0	77.32	170000	73.84	162000	95 %	8	10	1955
Avg	2100.67	3.67	2.33	0	90.42	189933	87.58	183966.67	97 %			
Max	2844	5	3	0	103.51	219900	103.51	210000	100 %	94	104	1955
Median	1738	3	2	0	98.84	179900	94.19	179900	95 %	10	94	1955

Your Search Criteria Returned 12 Properties

Enter Number of Properties to View: 12   (12 maximum)

[View Requested Listings]   [Revise and search again]

In the Statistics, specifically look at the Average SP/LP%. The difference between the 100% of list price they hoped to achieve and the percentage actually achieved is the 'swing' that particular market can handle based on the specific criteria used and the comps you chose. The example above shows a 3% difference or 'swing'. Click the "View Requested Listings" button at the bottom of the screen to return to the list of results.

This 'swing' will help you determine the suggested list price range when in the CMA Wizard.

Property Archive Report

MLS properties in TEMPO are archived for a period of at least two years. Reviewing the history of a property can reveal helpful information such as:

a. **The true days on market**. For example, current days on the market might indicate 6 days, but the property could have been listed with a different broker for the six months prior to that. The **Cumulative Days on the market (CDOM)** would then be 186 days. Both the DOM and CDOM can be found in the **Property Archive Report (PAR)**.

b. **Price reductions**. The Property Archive can also track the original price of a property to its current price. Most properties have price reductions, occasionally there are price increases especially if a seller has made improvements to a property. This information could be helpful in determining the price of a subject property. A listing could have been priced at $189,900 four months ago and has now dropped to $169,000. That particular seller has lost two months of marketing time by being overpriced to begin with.

c. **Status changes.** This history can provide valuable information through displaying the different statuses of a property over a certain time period. It is important to pay particular attention to the number of times a property has been withdrawn and terminated during recent listing periods. Multiple withdrawns might indicate possible problems with a seller who is not sure what they want to do.

The PAR (Property Archive Record) can be access through the single line results (click the **Y** in the PAR column) or in the detail view of a property. (click the **Y** next to the PAR field label).

The easiest way to read the PAR is from the bottom up. The property below was originally listed at $195,000; reduced ultimately to $177,000; terminated; relisted at $177,000 and finally closed at $168,000. The true DOM (days on market) would begin at the first listing in 05/10/2004 and continue until the closing on 12/07/2004.

4522 BRIARBEND

Single Family

MLS# 3204324

Office	Agent	Field	Old Value	New Value	Price	Date	DOM
KWHM01*	RPEREZ*	ListStatus	act	closd	$168,000	12/07/2004	112
RMXE01	texas	ListPrice	177000	170000	$170,000	10/05/2004	49
RMXE01	texas	ListStatus		act	$177,000	08/17/2004	1

MLS# 8144788

Office	Agent	Field	Old Value	New Value	Price	Date	DOM
RMXE01	texas	ListStatus	act	term	$177,000	08/17/2004	99
RMXE01	texas	ListPrice	182500	177000	$177,000	08/10/2004	92
RMXE01	texas	ListPrice	189000	182500	$182,500	07/13/2004	64
RMXE01	texas	ListPrice	195000	189000	$189,000	05/27/2004	17
RMXE01	texas	ListStatus		act	$195,000	05/10/2004	1

Mapping

Mapping can help in the final selection of comps, especially if you are not familiar with an area. Below is a good example. Before continuing with the CMA, select the MAP button under Available Reports for all selected properties.

Note that two of the properties are south of a major street called Willowbend. Revise Search could be used to incorporate the Search by Map function to find comps that are on the same side of Willowbend as the subject property.
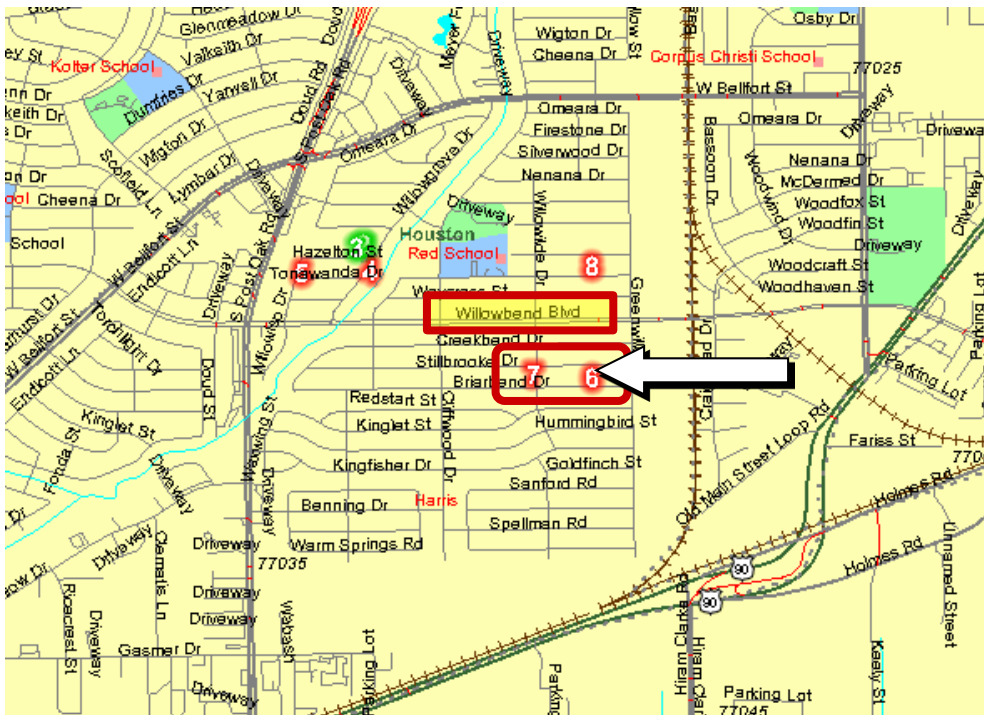
CMA Reports

Tempo offers two selections of printable CMA Reports.

(1) The **CMA Report** listed under the available reports generates a nice, one page report. Keep in mind that while it is a statistically and mathematically accurate report, it is not a necessarily a very robust appearing presentation.

(2) The **CMA Wizard** features more detailed property pages, charts and graphs and allows for adjustments such as closing costs and repairs. An unlimited number of additional personal pages (market plan, personal bio, company history, etc.) can also be imported and incorporated into the final CMA.

Additional advantages are:
- Comments can be entered for each property.
- Pictures are displayed on each listing.
- The CMA is saved and can be edited later.

Wizard Step 1: Review/Edit your personal information

Wizard Step 2: Complete the client and subject property information
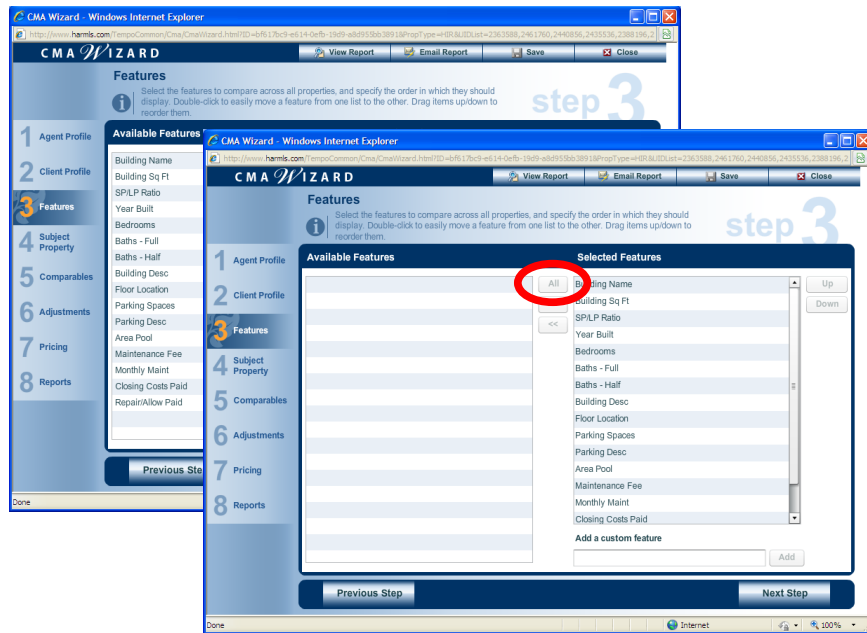
Wizard Step 3: Select the features that will be used as column or field headers in the CMA (usually "All"). These items can be rearranged to suit your preferences and/or to remove or add them to the list. Whatever is on the right side of the screen will be included on the pages throughout your final report.

Wizard Step 4: Complete as many items about the subject property as possible, leaving those blank that you do not know or that are not relevant at this time (i.e. Days on Market, etc.). Upload a subject property photo if available or be sure to adjust the settings of the cover page to accommodate no photo prior to printing the final report in Wizard Step 8.
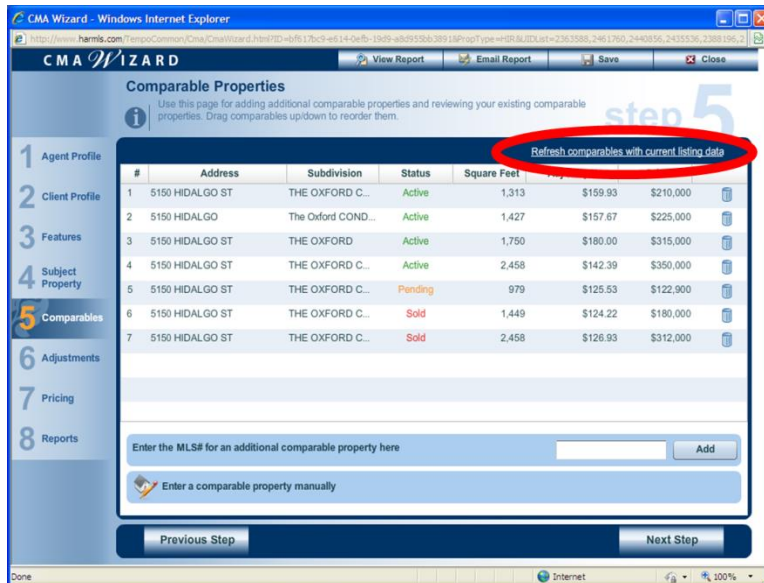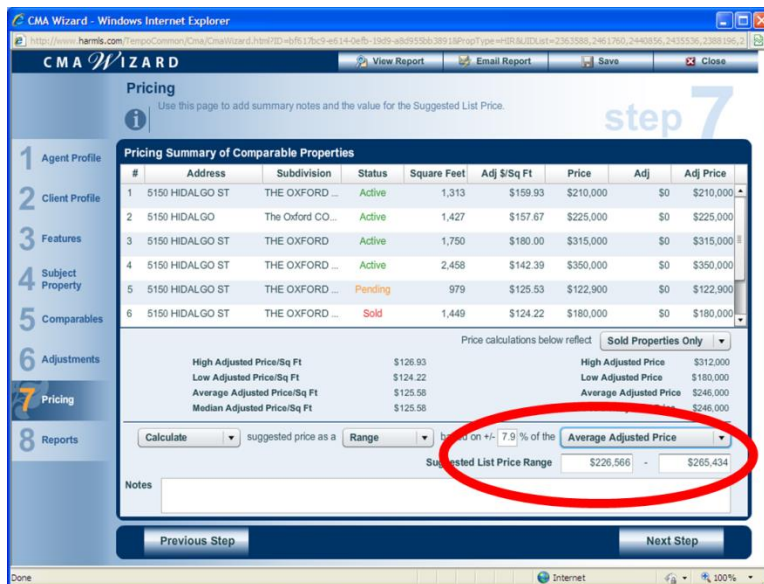
**Wizard Step 5**: Review the comps. Add, remove or refresh with current Tempo data if necessary
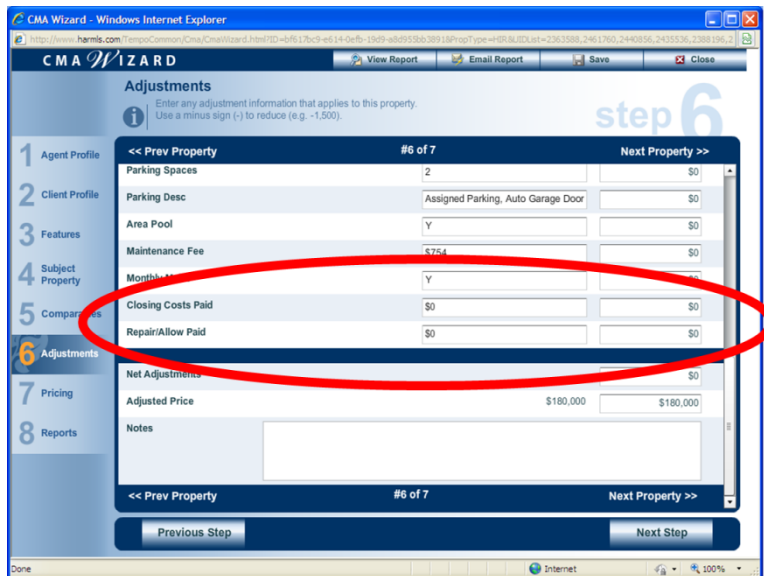
**Wizard Step 6**: Scroll down to account for adjustments in the Closing Costs or Repairs
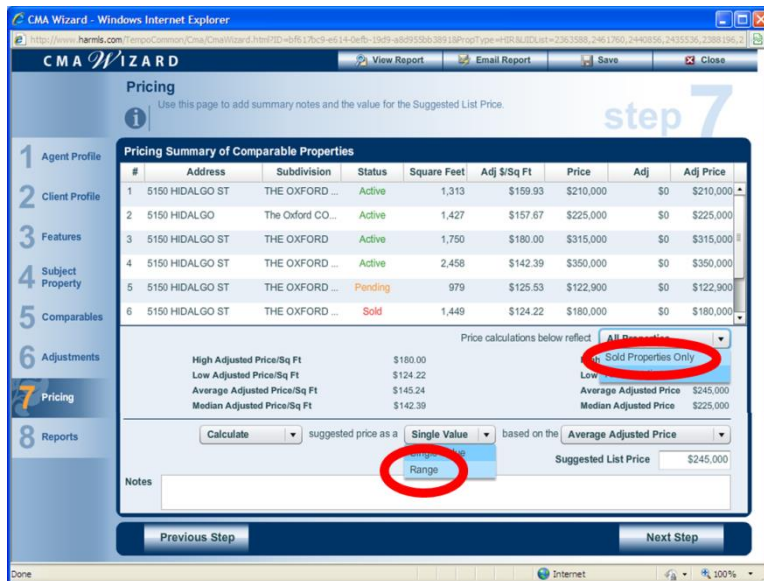
Wizard Step 7: Be very sure to select "Sold Properties Only" and "Price Range" from the drop-down menus.

Wizard Step 7 (cont.): Use the percentage of difference from the Tempo Statistics to fill in the blank for the range percentage or 'swing'. *(Refer back to page 7 of this handout)*
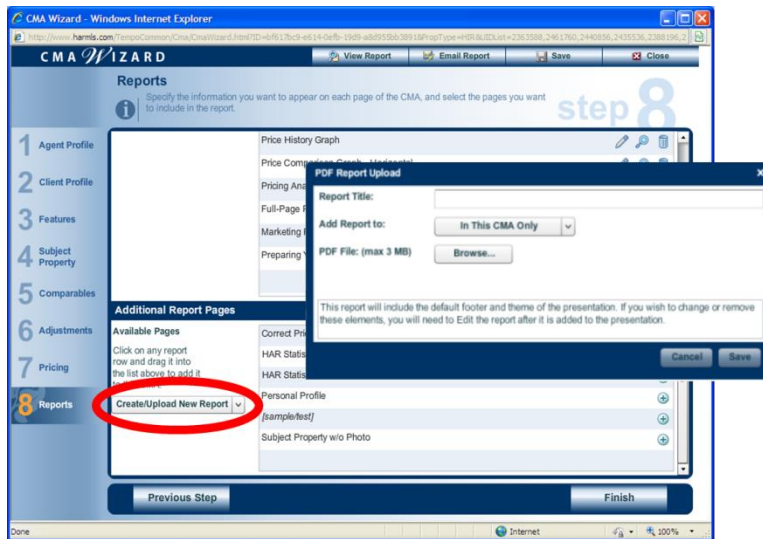
Wizard Step 8: In addition to choosing a custom theme (stationery type look), adding page numbers, etc., you can also import an unlimited number of additional PDF documents to supplement the Wizard pages.
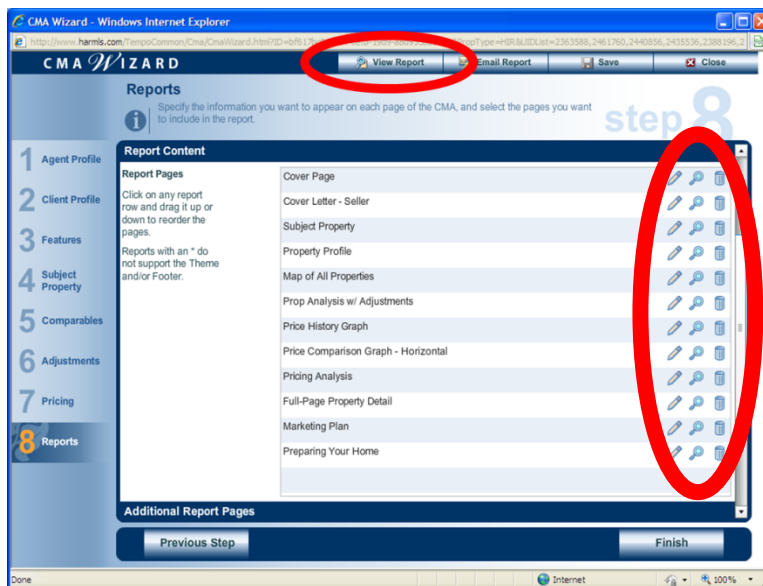
Wizard Step 8 (cont.): Use the pencil icon to minimally edit pages, the magnifying glass to preview that page and the trash can to delete that page from this current CMA. View/Print CMA using the "View Report" button at the top of the page. The CMA can also be sent via email using the "Email Report button" also at the top of that screen.

Mailing Labels

The property Search Results Grid is integrated with an Avery mailing label template, so you can go from the grid directly to printing labels for a mass mailing. One valuable use for this is to target neighbors when you've made a sale in a neighborhood. Run a search to find all houses in that neighborhood (or draw it on the Map), and then generate labels and send a mailing promoting your proven success in selling in their area.

To create mailing labels…

- Run a search to find the properties for which you want to print mailing labels
- On the Search Results Grid, make sure all the properties you want to include are selected
- Click **Create Labels** button
- The Labels window will open, then select the type of Avery label you will be using
- Select whether you'd like to use **Mixed Case** or **All Capital Letters** in the labels
- Select whether to use the **Tax Billing** address or the **Property** address. *TIP: Select Create Custom Label to add "or Current Resident" and other greetings to the mailing address*
- Review your **Export Status** to ensure you will have enough remaining exports to cover the labels (there is a 10,000 per month limit). If not, you can use up your remaining exports. Click the **Use all remaining to export a portion of the records** check box.
- Select **Print Range** if you would like to create labels for a subset of your search results. You may enter the starting row number and the ending row number (range) to include these in the labels.
- Click **Print**. A RTF file containing the mailing labels is created. Save this file to a known location on your computer or print from within the RTF viewer to send them to your printer.
- Add the Avery labels to your printer, and print the RTF file

Exporting Search Results

Exporting search results is simple, fast and can be completed directly from the Search Results Grid. You can also quickly customize your exports to contain additional information. Export to a CSV file that can be viewed in Microsoft Excel.

- First, select the records you would like to export. If you have a long list of search results, click the check box at the top of the column to clear all selections, and then select only the properties you want to export.
- Next, click the **Export** option at the bottom of the Search Results Grid and select one of the following options:
  - **Grid**: Select this option to export the information that currently appears on the Search Results Grid. You will be able to remove items, but not add new ones.
  - **Customize**: Select this option to export additional information. You will be able to choose from the full list of search field attributes. Selected fields will be saved automatically for the next time you want to export records. The Grid Export or Custom Export window will open.
- Select or remove attributes from the export
- Click **Export**

Tip: Depending on the number of property records being exported, it may be necessary to wait several minutes. Do not close the browser or navigate away from the page until the export is complete.