

Understand how automated home valuation programs work

I have been a professional Real Estate Agent since the early 1990's. The internet was not around back then so the information was controlled by the Real Estate Company for agents to do a market analysis for a seller or a buyer.

In the late 90's the internet changed our industry like so many other industries. Many of the companies like Zillow, Tulia, and others started offering home values for buyers and sellers to check the value of a particular property. Today, these home valuation models are on many websites. These models should be used as a bench mark only as they are not always accurate. It is a good place to start, but you should always dig deeper and research traditional sources like a market analysis from a real estate agent or an appraisal from an appraiser to be accurate for the value of a home at a certain point in time

Here are a few tips that I recommend when researching the value of a particular home:

- 1. Look at least 3 of these home valuation websites to see the differences in what they value the home for.** Remember these valuations come from a computer generated model and will differ between websites.
- 2. Look at the home value at least 3 different times in a few days to see how much the values differ each time you ask the same question.** We recently had a new home valuation tool come on line for our local Newspaper company claiming to be the most accurate website available to see the true value of your home. I thought this was a pretty bold statement so I tested this web site. I entered the address for my 7 most recent sales from within a 3-month window on a Sunday and again just a few days later on a Wednesday. Only 2 of these homes had values come in within 5% of the actual sales price. Three of the homes had a difference of above 10% from the actual sales price (both lower and higher than the actual price). Two of the homes came in with dramatic differences. I had sold on a golf course for That had appraised for \$395,000 the week before I did this test. The first time I put in the request for that address, the program said that it was worth \$329,500. On Wednesday I repeated the process and the program said it was worth \$417,000. Wow that was a surprise.
- 3. Finally, Trust but verify.** Once you feel comfortable with you found on line, call your real estate agent for an actual market analysis that will be no charge for you. If you need further verification, hire a fee based licensed appraiser to help you with the final valuation.

If you do these 3 steps, you are likely to come closer to the true value of what a home will sell for. If you are a buyer, this will help you from buying an overpriced home. If you are a seller, it can give you more information about what price to start at and to set a number of where you will not go lower than.

I hope that you have found this useful. Please contact me if you have any questions or need my assistance in any of your Real Estate needs.

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