**What’s Your Home Actually Worth?   
*Discover What Buyers Will Pay in Today’s Market***

It’s easy to look up how much money you have in your savings account or the real-time value of your stock investments. But determining the dollar value of a home is trickier.

As a seller, knowing your home’s worth helps you price it correctly when you put it up for sale. If you price it too high, it may sit on the market. But price it too low and you may be losing out on a good chunk of money (nobody wants that!). For buyers, it’s important to know a home’s worth before you make an offer. You want your offer to be competitive, but you don’t want to overpay for the property.

Even if you’re not a buyer or seller right now, as a current homeowner you might just be curious about the value of your home. Keeping track of your home’s worth year over year helps you understand the trends in your market. So when you are ready to sell, you can take advantage of a good window of opportunity.

The good news is, a trained real estate agent—who understands the nuances of your particular neighborhood—can determine the true market value of your property … *and at no cost to you!*

**THE THREE TYPES OF HOME VALUES**

When you start the process of buying or selling a home, you’ll frequently hear the words appraised value, assessed value, and true market value. It’s important to know the difference between each one so you can make better, informed decisions.

**Appraised Value**

A professional appraiser is in charge of determining the appraised value of a home. These appraisals are typically required by a lender when a buyer is financing the property. And while the lender is the one requiring this information, **the appraiser does not work for the lender**.1 Your appraiser should be an objective, licensed professional who doesn’t have allegiance to the buyer, seller, or lender—no matter who is paying their fee.

The number the appraiser comes up with (the appraised value) assures the lender that the buyer is not overpaying for the property. For example, imagine a seller lists a home for $400,000. They reach a deal with the buyer to sell the home for $375,000. However, if an appraiser evaluates the property and determines that the appraised value is actually $325,000, then the lender will not lend for an amount higher than that appraised value of $325,000.2

When figuring out this number, an appraiser will compare the property to similar homes in your neighborhood, and they’ll evaluate factors such as location, square footage, appliances, upgrades, improvements, and the interior and exterior of the home.

**Assessed Value**

The assessed value of a home is determined by your local municipal property assessor. This value matters when your county calculates property taxes each year. The lower your assessed value, the less property tax you’ll pay.3

To come up with this value, your assessor will evaluate what comparable homes in the neighborhood have sold for, the size of your home, age, overall condition, and any improvements or upgrades that have been made. However, most assessors don’t have full access to your home, so their information is limited.

Assessments are done annually to determine how much property tax you owe. Many counties use a multiplier (typically between 60%-80%) to calculate the final assessed value. So, if the assessor determines that the value of the home is $300,000, but the county uses a 70% multiplier, the assessed value of the home would be $210,000 for tax purposes.4

If your assessed value isn’t as high as you envisioned, don’t sweat it. Many homeowners appeal their assessment in favor of a lower valuation so that they can save money on property taxes. If you’re interested in appealing your property tax assessment, let us know. We offer complimentary assistance and would be happy to help you build your case.

**True Market Value**

True market value is established by your real estate agent. It basically refers to the value that a buyer is willing to pay for the property. A good real estate agent is an expert in determining true market value because they have hands-on experience buying and selling properties. They understand the mindsets of buyers in your market and know what they’ll pay for a desirable house, townhouse, or condo.

As a seller, knowing your true market value is important because it helps you choose how much to list your property for. It can also help you decide if you want to make any improvements to your home before putting it on the market. Your agent can help you figure out which updates and upgrades will have the biggest impact on your true market value.

**WHAT’S THE DEAL WITH ONLINE CALCULATORS?**

When figuring out your home’s value, you might be tempted to see what popular real estate sites like Zillow, Redfin, and Trulia have to say. When you use an online calculator to determine your home’s value on these sites, **it is just an estimate**. It’s not an actual appraisal or the “true market value.” These sites all have their own algorithms for coming up with their estimates. For example, Zillow comes up with their “Zestimates” by calculating “public and user-submitted data, taking into account special features, location, and market conditions.” 5

These online estimates can be a great starting point for opening up the conversation with your real estate agent about your home’s worth. But even Zillow recommends that you use a real estate agent for coming up with the actual market value of your home. The site says that once you get your “Zestimate,” you should still get “a comparative market analysis from a real estate agent.”

Having an agent involved in this process is essential because they understand the market better than a computer ever could. They’re showing property in your city every single day, and they know the particular preferences of buyers and sellers in the area. Young professionals, large families, empty nesters, and other groups are all looking for different things in a home. A local agent has most likely worked with all of them, so they understand what every segment in your market is specifically looking for.

**HOW AN AGENT FINDS YOUR HOME’S TRUE MARKET VALUE**

So, how does an actual real estate agent determine true market value? They’ll start by doing a comparative market analysis (CMA). This means they’ll compare your home’s features to similar properties in your area. For the CMA, the agent looks at the below factors to influence their assessment of your home’s worth:6

* **Neighborhood sales** - Your agent will look at similar, recently sold homes in your neighborhood to see what they sold for and what they have in common with your house.
* **The exterior -** What does your home look like from the outside? Your agent will factor in curb appeal, the style of the house, the front and backyard, and anything else that impacts how the house looks to everyone walking and driving by.
* **The interior** - This is everything inside the walls of the house. Square footage, number of bedrooms and bathrooms, appliances, and more all influence the overall market value.
* **Age of the home -** Whether you have a newer or older home affects the number your agent comes up with as part of their assessment.
* **Style of the home -** The style of your home is important because buyers in different markets have different tastes. If buyers prefer ranch-style homes and you have one, then your home may sell for a premium (aka more money!).
* **Market trends -** Because a local agent has so much experience in your market, they have their finger on the pulse of your area’s trends and know what buyers are willing to pay for a property like yours.
* **Location, location, location** - This one’s probably the most obvious. Your agent will think about how popular the area is, how safe it is, and what schools are like.

A computer algorithm simply can’t take all of these factors into account when calculating the value of your home. The reality is, nothing beats the accuracy of a real estate agent or professional appraiser when it comes to determining a home’s true market value.

**YOUR AGENT IS THERE EVERY STEP OF THE WAY**

Determining a home’s true market value is a real estate agent’s forte. If you’re a seller, your agent will help you find your home’s market value so you can list it at the right price.

For buyers, your agent will help you determine the value so you can come up with a fair offer. Your agent can also set up a personalized home search on the Multiple Listing Service (MLS) for you so you’ll receive emails of listings that meet your criteria. This will help you see what’s out there in your city and how properties are being priced.

**Get a Complimentary Report With Your Home’s True Market Value**

Curious about your home’s true market value? Call us to request a free, no-obligation Comparative Market Analysis to find out exactly how much your home is worth!

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