

In a Foreclosure Market, Proper Home Valuation Is Vital; It's Win-Win for Buyers, Bankers

It's no secret that Georgia is in the top 10 states nationally in the number of foreclosures. However, a local real estate professional says that proper valuation is vital for banks and consumers and that a new approach is necessary in this current residential real estate climate.

“For decades, home values and pricing have been determined by using comparable sales,” said Ken Harper with Coldwell Banker American Land Mart (pictured here explaining pricing model). “But now it's not enough to look at previous sales to determine what a home is worth today. There's a better and more accurate way to properly value homes, based on finding the intrinsic value of the home rather than reacting to a declining market.

“When the market was flourishing, there were enough sales to use comps as an accurate measure of what a home would sell for in the future,” he said.

Today, there are not enough sales to make accurate predictions of the future.

“That approach was backward-looking,” Harper said. “In the past, the three or four comps used to assess a property were a small part of the market. In some areas today, those three comps may represent the entire market.”

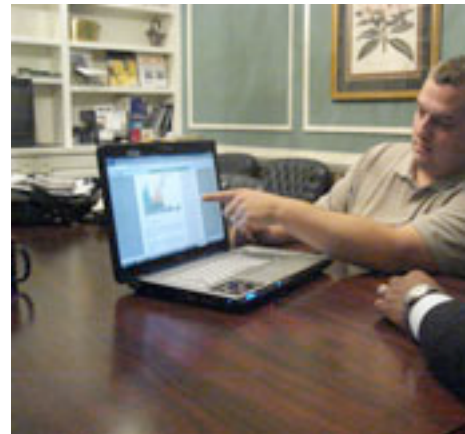
Harper's approach is a win-win for bankers and for home buyers. Here's why:

“When a bank takes back a property through foreclosure, it is faced with liquidating it to recover its investment,” he said. “Most banks list the home for sale with a broker who may or may not regularly work in the area. The broker prices the home based on the comps and waits for someone to make an offer. If they are wrong about the market, that home will sit for months until the bank gets desperate and either drops the price substantially or hires an auction company to sell the home.

“On the other side, the average buyer looks at all these homes and wonders if prices are at the bottom of the market,” he said. “The buyer is afraid to make a mistake so he waits and waits. Meanwhile, the best deals are getting bought by someone else. The key for both the buyers and the banks is having a better understanding of where the market is heading and finding some way to quantify the value of the home today. That's what we are doing with our approach to selling homes in today's market.”

Coldwell Banker American Land Mart has developed a formula for valuation that uses a variety of factors to more accurately value each individual property.

“As Realtors, we can assist banks in evaluating their properties and better move their inventory,” Harper said. “This new methodology is based on our years of experience in the residential real estate market, as well as access to a variety of data for a more quantifiable approach. We're incorporating some of the analytic tools I used evaluating land acquisitions for a large national builder when the market was strong.”



“The key is determining the proper value in light of the market today,” Harper said. “That's where we come in. We become partners with the banks to help them positively reduce their inventory and recoup their investments.”

For more information about Coldwell Banker American Land Mart's property valuation approach, contact Ken Harper at 770-845-8846.

Coldwell Banker American Land Mart (<http://www.americanlandmart.com>) is the exclusive agent for a number of communities in Rockdale County.

For more information about homes listed by Coldwell Banker American Land Mart, call 770-483-2323.

*** Submitted by Jimmy Booth PR**