

How do you determine a home's worth?

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CALIFORNIA, MD — While there are several methods for determining what a home is "worth," when it comes down to it, a home is ultimately worth what someone is willing to pay for it, explains Chris Hill, Realtor of Century 21 New Millennium. Everything else is really an estimate of value. "Take, for example, a hot seller's market when demand for housing is high but the inventory of available homes is low," explains Hill. During this time, homes can sell above and beyond the asking price as buyers bid up the price. The fair market value, or worth, is established when "a meeting of the minds" between the buyer and the seller takes place.

That said, there are several methods for determining what a home is worth.

"A comparative market analysis and an appraisal are the two most common and reliable ways to determine a home's value," says Hill.

Your real estate agent can provide a comparative market analysis, an informal estimate of value based on the recent selling price of similar neighborhood properties. Reviewing comparable homes that have sold within the past year along with the listing, or asking, price on current homes for sale could help you from overpaying.

A certified appraiser can provide an appraisal of a home. "After visiting the home to check such things as the number of rooms, improvements, size and square footage, construction quality, and the condition of the neighborhood, the appraiser then reviews recent comparable sales to determine the estimated value of the home," says Hill.

Lenders normally require an appraisal before they will approve a mortgage loan. This protects the lender by ensuring the home is worth the money you want to borrow.

You can also check recent sales in public records, through private firms, and on the Internet to help you determine a home's potential worth.

For information on real estate, please contact The Chris Hill Team at Century 21 New Millennium at chris.hill@c21nm.com, 301-862-2169

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