

How Much Is Your Home Worth?

As a homeowner, you have two important reasons for determining the true value of your home. The first is so that you can sell your home. The second is so that you can determine the amount of homeowner's insurance that you need to carry. Regardless of the reason you want to determine your home's value, the process is the same. Hopefully this information will lead you on the path to discovering the true value of your home.

Realtors know that, today more than ever, it is critical to place an accurate value on your home before listing it for sale. One of the main reasons that a house fails to sell, or gets overlooked entirely, is that it has a listing price that is too high for either the home or the location.

When determining the value of your home for the purpose of insuring it, you need to look beyond its market value. You need to consider not only your home and land, but also the replacement value.



Home Features

Let's begin by discussing a home's features. Whether you are selling or insuring, you need to consider the features that make your home unique. For example, if your home has brand-new, updated kitchen, bathrooms, or both, then its value will be higher than that of a comparable home with an older kitchen and bathrooms.

The style of the updated rooms should also be a factor for consideration. Depending on the architectural style of the new rooms, the value-add will vary. If your kitchen has granite countertops and brand-new, top-of-the-line appliances, it will be

valued far more than if had Formica countertops and a vinyl-covered floor, even if those features were recent updates. Therefore, when determining the value of your updates you should consider every aspect of them, from the materials that were used, to the fixtures, appliances, and flooring that were installed.

When valuing your home for replacement, you should also consider the price of new construction. The price you paid for labor when updating your kitchen this year will likely be a bargain compared to what you would have to pay for the same services ten years from now. Therefore, you need to consider cost inflation in your estimate of the home's value.

Also, compare the number of rooms in your home with that of similar homes in your area. If you have a finished basement game room, then your home's value is greater than that of a home with an unfinished basement. And, if your home has an extra garage or an added sunroom, the value will be even higher.

Follow these steps when trying to determine your home's true value:



Determining the value of your home per square foot can yield an accurate value for your home, especially when you are using other homes as a basis for comparison.

Put Aside Your Emotions

One of the problems experienced by homeowners trying to appraise their home is that they often attach increased value to their memories, perhaps subconsciously. When trying to determine the true value of a home, these memories are important, but they should not play a role in your value calculation.

Consider Getting a Competitive Market Analysis

If you are working with a realtor, request a competitive market analysis (CMA) of your home. A CMA is a report that shows the selling prices and listing prices of homes that were recently placed on the market and/or sold in your area. Having this information will help you to determine the true value of your home when you compare it against that of other homes in a neighborhood that you are familiar with.

Go to Some Nearby Open Houses

When you attend local open houses, you must remember that you are there to evaluate your home in comparison with the other homes. Note the features of the homes you visit and compare them to those of your own home, evaluating how well your home measures up. Also, determine whether your home is better, worse or similar to the home you are viewing in terms of its location, size, amenities, and condition. When you make this type of comparison, you are able to use the listing price of the homes you visit to determine whether you are appraising your home correctly for the local real estate market.

Research Market Conditions

Speaking of your local real estate market, it is important to look at the overall market condition. Are homes selling quickly in your area? If so, then you can probably request an upper-end selling price for your home. However, if homes are staying on the market for a long time, the actual value of your home may be less than you think, and you might want to consider choosing a lower-end selling price. Home values tend to fluctuate (for sellers) seasonally. For example, potential buyers may view a home with a swimming pool as being more valuable during the hot summer months. Likewise, a home with a heating system that needs to be repaired may be perceived as having less value during the winter months.

Talk to your realtor in order to get an accurate picture of your local real estate market when you are trying to determine the true value of your home. Even if you are not appraising the home for sale, your realtor can help you by providing useful statistics and examples that can guide you in the process.

Determine the Value Per Square Foot

Determining the value of your home per square foot can yield an accurate value for your home, especially when you are using other homes as a basis for comparison. For example, if you have found a home that offers similar amenities, is in similar condition, and has the same style as your home, but that home is one-third larger than your home, then the values of these two homes will not be the same. However, if you are able to place a per-square-foot value on that property, you can apply that figure to your own home's square footage. Your realtor can recommend a number of ways to determine the per-square-foot value of your home.

Whether you need to sell or insure your home, one of the most important steps in the process is determining its value. When appraising to sell, you need to incorporate the value of the land into your calculation. However, when valuing for insurance, you really need to look only at the replacement costs. Remember that the value may be more or less than what you actually paid for your home. Either way, having an accurate idea of the value of your home gives you an edge during a sale, or if something catastrophic should happen.

Many different types of home valuation service providers are available, but your realtor can provide you with valuable information that will make the process as simple and affordable as possible. Contact your realtor to request the comparative market analysis mentioned above and to find some comparable homes in your area that will be holding an open house soon, so that you can begin appraising your home's true value.