

Preparing Fast and Accurate Comparative Market Analyses

Rick Bailey
Bailey Realty & Investment Company
(248) 889-2800 office and cell
rick@weknowyourmarket.com

Preparation

- 1 Once – Download the CMA Template spreadsheet from: www.baileycustomhomes.com, then click the Excel Template link.
- 2 Once – Create an Export template in RealComp:
Under **My RCO**, then **Settings**, then **Custom Exports** click **Add Export**. Name it **CMA Fields**. Then add the same fields (and the same order) as are on the Template Excel Spreadsheet you will use for CMAs. [Unparsed Address, Subdivision Name, Parcel Number, School District, Architectural Level, Waterfront Description, Waterfront Name, Water Frontage Feet, Year Built, Year Remodeled, Basement Type, Road Frontage Type, Out Buildings, Pool YN, CDOM, List Price, Original List Price, Ownership, Short Sale, Public Remarks, Close Date, Close Price, Seller Concession Amount, Acreage, Beds Total, Baths Full, Baths Half, Garage Size, Est Finished Lower Floor SqFt, Est Fin Abv Total SqFt]
- 3 Monthly – If the Case-Shiller home price index has been updated – go to <https://fred.stlouisfed.org/series/DEXRSA> to get the latest index numbers. Above the graph to the right, click Download to an Excel (or CSV) file and the data will be downloaded. If you click on the file it should open up as a new Excel workbook. Update your Market Index tab on you template accordingly.

Get CMA data

- 4 Open the CMA Template file in Excel. Immediately Save As in your file structure for the client. I name it CMA-[client name or address]-[date (using “-“, not “/”)] under a CMA folder, then move it to the listing folder when you get the listing.
- 5 Fill in the data for the Subject row. If the property was previously listed in RealComp, find the listing, select one listing (if more than one) and **Export** using the **CMA Fields** created in 1 above. Open the csv file and copy the data into the CMA Template worksheet subject property area.
- 6 Find SOLD properties. I do a search on the same subdivision as the subject; sometimes you have to expand to include nearby similar subdivision. Search for **Solds** within the last year (adjust as needed). Select **Results**, then select **All** and **Export** using the CMA Fields template.

Open the csv file and copy the data to the sold property area. Fix the number of rows in the SOLD section.

- 7 Find PENDING properties. Go **Back to Results** and click **Criteria** and change Sold to Pending. Select **Results**, select **All** and **Export** using the CMA Fields template. Open csv and copy to Pending property area. Adjust number of rows **before** copying.
- 8 Repeat for ACTIVES

Get Absorption data

- 9 In Realcomp, expand the search to the whole city / township / village, perhaps with a few other criteria (maybe lakefront only, or homes under 1,500 sq. ft.). Then get the record count of solds (within the last year), pendings, and actives. Add these numbers to the Absorption portion of the CMA Template; the columns are under the “adjustments” area.

Adjustments and formatting

- 10 Manually change each cell in the Gar column to numbers instead of text. Change the formatting of the Close Date to just show the month-year. I consolidate the Ownership and Short Sale columns under Ownership with values of Private, Bank, Relo and Short; then you can **Hide** the Short Sale column.
- 11 Adjust the unit values (at the top of the “adjustments” area) to reflect the homes you are analyzing (e.g. rural farmland might have an acreage value of \$3,000, but acreage in Birmingham might be \$100,000). Seek your Broker’s help (or other agent’s, builder’s or appraiser’s) to come up with more accurate values for the areas you work in.
- 12 Review the adjustments and the Comp\$ to see if they make sense. Add weight values to group similar properties. I use 0 (or blank) if the sold property is not relevant to my subject property (typically all Bank and Short Sales, unless the subject is also a Bank or Short Sale). Also, if the price is not in line with the rest of the group and I can explain that difference by something in the listings (e.g. frontage on main road (lower price) or lake frontage (higher price)). If the sold comparable is mostly similar to the subject I use 1 as a weight factor. If the sold comparable is less similar, I might use 0.5. I will sort my solds a number of ways (sold date, Comp\$, weight) to see if I can see any other adjustments I need to make. Include [Address] though [weight] when you do your sorting. I use the “Other” columns to make these other adjustments; the “Other” left of the “Idx” column to describe the adjustment (e.g. walkout basement) and the “Other” left of the “Comp\$” column to estimate the value of that adjustment. If the subject property does not have a walkout, I might put -20,000 (subtract \$20,000) in the “Other” column for each sold comparable with a walkout basement to make those solds look more like the subject.

- 13 After you are set with your analysis, **Hide** the columns that are not important to your client presentation. Any columns that are all the same or where the differences are small in value are good candidates to Hide.
- 14 Update the Print settings (**Page Setup, Header/Footer, Custom**) to reflect your and your client's information to be printed.
- 15 Practice doing several CMAs and presenting these to your Broker, Office Manager, co-agents, friends, or family so you are prepared for questions when you present to a prospective client.

Optional Changes

- 16 You can add or delete fields from the CMA Template if your desire. Change the CMA Template and make the same changes to your CMA Fields export in RealComp. You could even have several different CMA Templates, but that means one more thing to keep track of.
- 17 You can also use a different index. The Case-Shiller Home Price Index – Detroit is an aggregate index calculated from about 4,000 repeat sales of homes in the Detroit area. I'm not sure which communities these sales are from. In my spare time ;-), I also calculate a home price index at the county / city / township / village level based on all the repeat sales (currently just from PRD) in that community. My index for Oakland County, for example, is calculated from about 100,000 repeat sales. I cover much of the Lower Peninsula. I make this available to my agents and am trying figure out how to sell it to other agents. If you are interested in subscribing to some of my indices, please contact me. Get proficient at doing this CMA using the Case-Shiller index first though!

Thank you for attending my class!