

Evaluating Property

In the real estate industry, the concept of value is vague. The value of a house (or condo, or co-op, or townhouse) fluctuates often, based on many situations, such as an ever-changing market conditions, the condition of the home, and the costs associated with owning it.

For that reason, it's difficult to answer the question, "How much is it worth?" There is one certainty, however. The answer to true value does not lie in how much the seller wants for his or her home (though that is what the seller and the listing broker want you to believe). In fact, the listing price of a home sometimes has nothing to do with its market value.

Figuring out how much a home is actually worth is a tricky process. You'll have to do your homework, pull out your calculator, and spend some time learning to recognize certain "value markers." Once you've figured out what a property is worth relative to others that are similar in the area, you can begin to compare various homes. Where a home is located (within a city, within a neighborhood, on a particular street, within a single building) is crucial to determining its value. When you begin to compare homes, it's important to factor location into your house valuation formula. First, think about where the house is located in relation to the entire neighborhood. Are shops and various services within walking distance? Is the house close to major forms of transportation and to the schools your children will be attending? Is it too close to any of these amenities?

Many families want to be within a few blocks of the local public school, but they prefer not to have their backyards adjacent to the school playground.

Next, think about where the house is located on its block. Is it on a corner, or on the interior row? Is it next to a high-rise building or a three- or six-flat building? Are there many homes just like it on the block? Does the block have a nice residential feel or is it mixed residential/commercial? If you're considering a townhouse, start by asking yourself about the townhouse's location in relation to shopping and service retailers, such as a dry cleaner. If the townhouse is located within a subdivision, compare its location with the premium location within that subdivision.

For example, is it better to be located on the perimeter, or is an interior location better? Are end units more prized, or are middle units preferred? Are you close to the entrance of the subdivision, or do you have to drive several blocks to get there? Do you have to walk far to the garbage drop-off or mail pick-up spot? The location questions for a townhouse apply for condominiums and coops as well. If your condo or co-op is located in a high-rise building you also need to consider where the unit is located in the building. If one side of the building has a fabulous view and another faces a windowless brick wall, you can bet that units with the full view will be more prized than units with a peek-around or no view. Which is more important to you, the lower cost or the better view? If there are two views -- say, a water view vs. an urban view, an east view (sunrise) vs. a west view (sunset), or a high-floor vs. a low-floor perspective -- remember that a unit with the best view in a building will generally appreciate faster than a unit with only a so-so view, even if the so-so has more amenities.