

How much is your home worth? Well, it depends...

BY KATHY FLAXMAN

Helen Smart's home backs on to the world-renowned Niagara Escarpment, whose waterfalls, slow-growing coniferous trees and abundance of plants can be enjoyed up close by hiking the Bruce Trail, which runs right behind her property.

It's a feature that's hard to match, but how do you put a price tag on it when it comes time to sell?

Such intangibles can be the hardest to assess when homeowners are trying to put a value on their home.

In her case, Ms. Smart, 48, who works in the financial industry, eventually turned to a real estate agent, who prepared a 20-page comparative market analysis of her home, located on Mountain Brow Road in Waterdown.

"Before listing my home ... I'd looked at other places and seen what they were asking," she says. "But nothing is the same as mine. I have a better lot, and it's very private. The road is a dead end, so there is little traffic."

"When we moved here, it was for the country-like setting. We took hikes and my daughter Samantha and her friends still head out there when they come by."

"Mine is two-storey and a nearby bungalow is up for the same price. It's hard settling on a price - opinions on what to ask vary quite a bit."

The house is currently listed at \$495,000.

Laura Brown, co-owner Century 21 Affinity Realty in Burlington and the agent who prepared the analysis of Ms. Smart's property, says an asking price is based on sales and listings for similar homes in a specific area, with intangibles such as a spectacular location near the Niagara Escarpment factored in.

But, Ms. Brown says, owners don't always like the asking price that is suggested. Some think their home is worth "a million dollars," she adds.

"What often happens is that a home will have sold nearby and everyone will think it sold for [the asking price of] \$400,000, when actually it sold for less, say \$350,000," she explains.

"And it's important to note that house prices do not always go up. I have over 25 years of experience in my field to back me up. If a buyer did some work on the Mountain Brow property we're talking about, they could wind up with a magnificent home in a setting that is spectacular."

Like Ms. Brown, most real estate agents routinely prepare a market-value analysis on a property.

But vendors wanting something more formal behind their "for sale" sign often hire a professional appraiser. In cases where a home is being sold as part of a divorce proceeding, the husband and wife



Helen Smart's Waterdown home.



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Homeowner Helen Smart

may each obtain their own appraisals.

"Appraising a home is a science," says John Alkin, a Toronto-based valuator accredited by the Appraisal Institute of Canada as a Canadian Residential Appraiser (CRA).

"It's based on comparable sales and so on ... but as an appraiser, I have no vested interest in coming up with a figure that is high or low. Appraisers tend to be conservative and very realistic. It can be a great selling tool to have a professional appraisal to show buyers, and since the service ... costs as little as \$250, it's a

worthwhile and affordable expense. Buyers feel confident that the value is there."

Owners can determine the value of their homes by themselves: Find out what other similar houses in the neighbourhood sold for, likely round up that number, and maybe add a few thousand for good measure.

Joanne Charlebois, director of marketing and communication for the Appraisal Institute, points out, however, that it is not as straightforward as that. She says appraisers with the CRA designation are trained to find the relevant statistics and to research factors such as zoning and planning to find out how an area might change over time.

"Our members are involved in a rigorous learning process," she explains. "To begin with, they must have a university degree, just like a lawyer or a [certified accountant], starting his or her training. They will

work with a mentor who will co-sign their reports for a few years and complete specific courses plus undergo an exam.

"There's a niche market in appraisals for sales of homes by divorcing couples, and another around insurance. I had my own home appraised last year and discovered that it had increased in value beyond the amount of the insurance. If there had been a fire, I would not have been properly protected."

When an appraiser makes that carefully calculated evaluation, providing a written and signed document, he or she is ready to back it up in court.

But however people come up with a listing price, they hope a bidding war breaks out and their home sells for more than what they're asking.

According to real estate agents, the key is to underprice the home in the first place, then set a specific time when bids will be accepted. Attracted by the mouth-watering price, buyers often end up making offers that not only reach the asking price but top it.

Mr. Alkin notes, however, that setting a specific time for submitting bids actually helps potential buyers. "I have a real estate brokerage business, too, and I always appraise my homes for sale," he says. "When houses were being sold the day the listing came out, buyers felt they were not given

a chance to try to buy the house, to think about it, look at it and maybe get their financing in order. Now, with offers on one day, everyone has a chance.

"However, in Toronto, there are a lot of buyers looking for homes right now and only so many homes. That's a high-demand situation."

A recent trend in selling homes is staging or "fluffing," where professionals come in and, for a fee, do some decorating, which can range from rearranging and sprucing up to trucking in new furniture.

It's not certain whether this will boost the selling price, although it likely won't hurt.

"Often people are proud of the way their home looks and don't want to have someone else interfering with their decor," Mr. Alkin says. "Some homes will not benefit from staging at all, some will get some benefit."

Nancy Gerrard, a Toronto agent with Re/Max Condos Plus Corp., points out that, in the end, the sale itself is the ultimate test of a home's value.

"When we price condominiums, there are certain things - like whether the unit has a lakefront view or has been renovated - that come into play, as well as 'comparables.' But the market itself will ultimately determine if the price was too high or too low," she says.

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