

Why should I estimate my home's market value?

Establishing your home's market value gives you greater control over your property taxes, insurance premiums, and the sale or refinancing of your home. Many people hire professional appraisers to estimate their home's market value. However, there's no reason why you can't do it yourself by following a few simple steps outlined below.

What is market value?

Market value is how much a home would sell for under normal conditions. This excludes sales where the buyer or seller is under pressure to act, perhaps due to career relocation, death of a family member, or divorce. Market value is basically an educated guess, but it can be fairly accurate if you apply the right method and consider all the important details.

A number of factors may affect your home's market value, including:

- **External characteristics** - "curb appeal," home condition, lot size, popularity of an architectural style of property, water/sewage systems, sidewalk, paved road, etc.
- **Internal characteristics** - size and number of rooms, construction quality, appliance condition, demonstrated "pride of ownership," heating type, energy efficiency, etc.
- **Supply and demand** - the number of homes for sale versus the number of buyers; how quickly the homes in your area sell.
- **Location** - desirability for a particular school district, neighborhood, etc.

How do I estimate my home's market value?

We recommend you use the sales comparison approach to estimate your home's market value. This is the primary method used by professional appraisers and real estate agents to determine the market value of homes.

Begin by researching recent sales of similar properties in the local area. The sale prices of these properties will provide a good place to start with in estimating your home's value. Try to find sales of least three properties that are comparable to your home. If possible, make sure these properties were sold under normal conditions. You only want properties sold at market value.

How do I determine whether a property is comparable?

Look for these characteristics in determining whether the sold property is comparable:

- lot size
- square footage
- home style
- age
- location

What if the characteristics aren't identical?

Unfortunately, you probably won't find an exact comparable sale. To account for this, you need to adjust the sale prices of the comparable properties. This will require some analysis on your part to determine whether these differences increased or decreased the sale price, and, if so, by how much. The adjusted sale price is your estimation of what the property would have sold for if all the characteristics were the same.

Hypothetical Analysis

We suggest you create a grid like the one shown here to help you compare all of the properties.

Hypothetical Comparable Sales Analysis				
(Values are strictly estimates and should not be used in your analysis)				
Attribute	Your home	Sale #1	Sale #2	Sale #3
Sale Price		\$210,000	\$250,000	\$270,000
Sale Date		Recent	Recent	Recent
Property Condition	Good	Good	Good	Good
Year Built	2006	2006	2006	2006
Square Feet	1,500	1,500	1,500	1,500
No. of Bedrooms	3	3	3	3
No. of Baths	1	1	1	2 (-\$12,000)
No. of Garage Spaces	2	2	2	2
Location	Avenue A	Avenue B inferior location (+\$30,000)	Avenue C similar neighborhood	Avenue A
Lot Size	½ acre	½ acre	½ acre	½ acre
Basement	Full	Full	Full	Full
Adjusted sale price		\$240,000	\$250,000	\$258,000

Research

Let's say your home is a 1,500 square foot ranch with 3 bedrooms, 1 bathroom, full basement, and two-car garage on ½ acre of land. It was built six years ago in a nice neighborhood. After doing some research, you find three comparable properties recently sold at market value. However, not all of the characteristics match up. Sale #1 is in a less desirable (or inferior) location and Sale #3 has an additional bath. Sale #2, though, is almost identical to your home.

Adjust sale price

Since Sale #1 and Sale #3 aren't identical to your home, you must compensate for these differences by adjusting the sale price of each property. To do this, you have to guess what the property would have sold for if the property had the same characteristics as your own. Since you already have the sale price as a baseline, you only have to estimate the value of the differing characteristics.

For instance, you can safely assume that Sale #1 would have sold at a higher price if it was located in your neighborhood, which is the nicer one between the two. You then estimate that the increase in value would be around \$30,000. The adjusted sale price for Sale # 1 is thus the sale price plus \$30,000.

Next, you move on to Sale #3 and determine that not having the extra bath would decrease the sale price by about \$12,000. Because Sale #2 is almost identical to your property, no adjustments are necessary.

Estimate of your home's market value

Now you have three sale prices that can be used as a rough estimate of your home's market value.

Where can I find comparable sales?

- **Local assessors' offices** - They should be able to provide the sales history of a particular house, neighborhood, or style of architecture. Some assessors also provide lists of recent sales that you can browse and compare to the assessment roll.
- **Municipalities** - Some choose to provide local sales in their offices or online.
- **Online databases** - Search for them using keywords such as "comparable home sales" or "comparable sales". In addition, you may wish to try searching "real estate database - New York State" for additional property information.
- **Local newspapers** - These are good sources of real estate information. They often have quarterly sales reports in the real estate or business sections.
- **Real estate agents** - They may be willing to share their expertise and sales history information.

How does my home's market value affect my property taxes?

Generally, property taxes are based on the estimated market value of your home. Your local assessor determines the estimated market values of all the properties in the community. Your assessor may use the sales comparison approach or any other method to arrive at your property's estimated market value, which is available on the assessment roll and your property tax bill.

The assessor only estimates each property's market value during a reassessment or when a property has a physical change. Some communities have not had a reassessment in several years or even decades. As a result, the estimated market value shown on the assessment roll or your property tax bill may not actually reflect your home's current market value.

If you conclude that the assessor's estimated market value of your home is too high, then you should contact the assessor's office to learn the procedures for an informal assessment review.

During the informal review process, you and the assessor can each discuss your property's characteristics and how the market value estimate was determined. If you remain unsatisfied with the assessment, you have the right to a formal administrative and judicial review of the assessment. The assessor can provide you with information on these processes.



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