



West USA Realty
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Hello.

Interesting And Helpful
Real Estate Info
Just For You

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Over 1300 Homes Sold in Avondale and Litchfield Park!

Recent listings



10929 W. Wilshire Dr.

A 2390 Model
4 BR, 3 BA with a loft, pool and
on the lake in Crystal Gardens!
Sold by Al Gage for \$255,000



11410 W. Virginia Ave

A 1505 Model (1505 SF)
4 BR, 2 BA in great shape
in Crystal Ridge
Listed by Al Gage for \$200,000



1906 N. 127th Dr

A Prescott Model (2038 SF) 4BR, 2.5 BA
with a pool and a cul-de-sac lot
in Rancho Santa Fe
Listed by Al Gage for \$240,000



Al Gage Report

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Why Online Home Evaluations Don't Work!

We are often confronted with a seller quoting one of the websites dedicated to on-line real estate saying that "Zillow says my home is worth \$250,000" or "Realtor.com says \$140 per square foot in my neighborhood." I get that these websites that can give you an instant value of your home are convenient, quick, and maybe even sometimes accurate. I can also tell you that it is a disaster to RELY on these values. Here are some of the reasons that you need a real live person to evaluate the price of your home instead of a computer algorithm.

Here is an example of the kind of error that we routinely see from these algorithms. I went on a listing of a property. When I asked what the clients thought the home was worth, they replied with "Well Zillow says its worth \$195,000 but that is why you are here?" I had already carefully considered the comparable sales and just had to verify condition on the property to reach a value. I thought we could get \$205,000 for the home because of the pristine condition of the home. The on-line evaluation was off by 5% or \$10,000! When we actually put it on the market (the true determination of market value), we actually received multiple offers and settled on a closing amount of \$207,000 or 6 percent off from what the online evaluations stated. The property appraised, closed and the sellers walked away with almost

\$12,000 more than if an unscrupulous or un-prepared agent had simply allowed them to settle at the online pricing. The question is how could a multi-billion dollar computer algorithm be off that much? Here is why!

All the program can predict is based on past information or past sales history. The program does not have the ability to judge things such as the cleanliness of the home, the quality of upgrades, the desirability of the actual location of the property or the current level of demand in the neighborhood.

The program (and many real live agents) do not have the ability to adjust for features in the home and the variability between one neighborhood and another. Different neighborhoods bring different prices even though they may be adjacent to each other. In one neighborhood, a pool may be worth \$12,500 and in another it may be worth \$14,000. A home on the lake may be given the same value as one that is not.

Depending on the home, it may not be able to reconcile a two bedroom as being worth much less than a three bedroom depending on the neighborhood or it may not be able to reconcile a two story and a single level with similar square footage (about \$15,000 less for the two story).

The program may be based solely on square footage. As mentioned before, a two story will sell for a different price than a single level. One thing that many people do not realize is that a smaller home will almost always sell for a higher price per square foot than a larger home and this scale is linear. This is because the cost of the lot and infrastructure is generally the same for a lot that you build a small versus a large home on the same lot.

The programs tends to carry over outdated or erroneous information despite changes in the current listing



1 Why Online Home Evaluations Don't Work!

2 Cover Article Continued

Subscribers Win

A Bad Change Turned Good!

3 Featured Homes

4 What's My Home Worth?

Recent Listings



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Continued on page 2

Continued from page 1

information. We had a home that despite our best efforts to get it changed, continued to show on one of the websites as having a spa. We double checked that it was not an input error on our part and it was not. When we finally found the source of the error, the property had possessed a spa, two sales prior to our current listing and the website continued to carry over the erroneous information for both listings. Many of the programs are based on tax records. We find errors in the tax records all the time. The presence of a pool not being listed and even erroneous square footage are common errors that we encounter.

Many real estate agents utilize an internal index called the RPI. This program which is part of our MLS system showed a value on the home that I used in the example I quoted above of only \$192,000. Many times when we receive a plethora of low offers on a property, it is because the agents ability to price a home is limited by this artificial value and they are hesitant to go outside of the parameters that the computer says the home is worth.

Error rates as high as 10-20% either or high or low. We have witnessed error rates this high which equates to at least \$25,000 on a \$250,000 home. This alone makes it very obvious not to rely on this data. If the pricing is too low, this

obviously leads to the client losing money. On the other hand, if the estimate is too high, it also has a tendency to increase time on the market and eventually to the seller accepting an offer that is less than they could have received if priced correctly and still fresh on the market or the home never selling at all.

Unfortunately, many real estate agents also suffer from some of the same deficiencies. Understanding the nuances of pricing a home as well as how to make the adjustments necessary to survive both the open market AND be approved by the appraiser is a science and an art that requires many years of experience. It is also very important that this level of experience is specific to the neighborhoods involved. These agents rely on the technology and not their experience to price a home. This is mostly due to simply not having done enough transactions to achieve the level of experience but I also suspect that some of it is simply laziness.



Bottom Line: These websites are fine if you just want an idea of what your home is worth, what it can sell for or what it will appraise for. Sometimes, they are right on the money. If you have to use the information for decision making purposes such as what to list for, what it will appraise for or which way the market is going, forego the convenience of instant gratification and give us a call to prepare a market analysis on your property. We do not charge for this service and we prepare each one individually and can have it for you usually in a few hours but certainly by the next day.

For an accurate, professional and human knowledge based evaluation of what your home will sell for, Give the Al Gage Team a call at 623.536.8200 or email us at al@algage.com

We are proud to be #1 in sales in your neighborhoods for the third year in a row. If you want us to bring your home in for a safe landing please give us a call. 623.536.8200 or email al@algage.com



Featured listings



12728 W. Cambridge Ave

A Portola Model

1805 S.F., 4 BR, 2 BA 3 Car Garage and a view lot in Rancho Santa Fe!

Listed by Al Gage for \$235,000



12706 W. Almeria Rd.

A Carmel Model (1611 S.F

3 BR, 2.5 BA with a pool in

Rancho Santa Fe

Sold by Al Gage for \$207,000



12414 W. Roanoke Ave.

A Cheyenne Model

1642 S.F., 3 BR, 2.5 BA/den with a pool in Rancho Santa Fe

Listed by Al Gage for \$225,000



12809 W. Holly St.

A Carefree Model

(1956 S.F.,) 4 BR, 2 BA with solar in great shape in Rancho

Santa Fe

Listed by Al Gage for \$215,000



What's My Home Worth?

Email Al at al@algage.com with the address, a list of upgrades, the current condition of the property rated < from 1 being terrible condition and 5 being model perfect > and he will personally prepare a professional market analysis of your home free of charge. Use "What's my home worth?" in the subject line and also include the purpose of the evaluation in the email.

No automated valuations here!

Want a current and local Market Update go to www.algage.com/May2017MarketUpdates.html

In 2016, Al Gage successfully represented 36% more clients than the closest competitor and 214% more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood three years in a row!

RITA'S CORNER

A Bad Change Turned Good!

Just about 6 months ago, the lending guidelines changed regarding student loans. The change stated that we could not use the payment listed on the credit report, rather we had to obtain a letter from the servicer of the student loan and use the fully amortized payment. This caused a whole lot of borrowers not be able to obtain a mortgage loan. We even had to do that for loans that had payments deferred for years, students still in class. Hurray, that has now changed and we are allowed to use the payment listed on the credit report. This will be a huge help to borrowers. The amount of student loan debt in this country is massive. I guess some changes are good.

Call me for information about all loan programs. I pride myself on keeping up to date with the ever changing mortgage market.



RITA MARIE NMLS ID #186758 623-935-4664

Mortgage Advisor Please leave me a "LOAN" rmarie@pcmlan.com Pinnacle Capital Mortgage LLC. #1071 17215 N 72nd Avenue D-145 Glendale, AZ 85308

Call me for information about this and other programs. I pride myself on keeping up to date with the ever changing mortgage market.