

# How to Analyze Deals

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# Analyzing a Deal



**\*New\* Rule of 70% to 85%**

Sliding scale depending on area and demand

# Elements of a CMA

## Comparative Market Analysis (CMA)

- SOLD Properties
- Comparable in size and age
- DOM (Days on the Market)
- Features, Amenities and Condition
  - Make adjustments if needed

Comparative Market Analysis

Subject Property													
ML#	Status	Address	SqFt	BR	FB	HB	GAR	Built	List Price	LP/ SF	DOM	Cumulative DOM	
1236203	act	5504 S Delaware Place	1130	3	1	0	1	1950	\$100,000	\$88	31	31	
1230208	act	5230 S Columbia Street	1630	3	2	0	2	1955	\$109,000	\$66	106	106	
1235383	act	2446 E 54th Street	1475	3	1	1	2	1957	\$139,900	\$94	42	42	
1231019	act	5318 Lewis Place	1891	3	2	0	2	1960	\$154,900	\$81	93	276	
1231647	act	5338 S Birmingham Avenue	1450	3	1	1	2	1956	\$155,000	\$106	87	87	
1230478	act	5247 S Columbia Avenue	2088	3	2	0	2	1955	\$189,500	\$90	100	100	
1236547	act	5329 S Delaware Avenue	1858	3	2	0	2	1956	\$189,900	\$102	28	28	
<b>Average</b>			<b>1,646</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1956</b>	<b>\$148,314</b>	<b>\$89</b>	<b>70</b>	<b>96</b>	

Number of Properties: 7

Subject Property														
ML#	Closed	Address	SqFt	BR	FB	HB	GAR	Built	List Price	LP/ SF	Sale Price	SP/ SF	DOM	Cumulative DOM
1217425	11/23/2012	2518 E 54th Street	1445	3	1	1	2	1958	\$112,000	\$77	\$107,000	\$74	141	141
1230559	12/07/2012	5230 S Birmingham Place	1525	3	2	0	2	1956	\$124,500	\$81	\$113,500	\$74	35	125
1214353	9/27/2012	5223 S Birmingham Place	2570	4	2	0	2	1955	\$148,800	\$57	\$147,800	\$58	111	111
1216818	9/28/2012	5347 S Columbia Avenue	1723	3	2	0	2	1957	\$150,000	\$87	\$148,500	\$85	38	38
1230264	12/08/2012	5212 S Birmingham Place	2432	3	2	0	2	1958	\$184,500	\$75	\$175,000	\$72	15	15
1211360	8/28/2012	5146 S Columbia Place	2637	4	2	1	2	2003	\$250,000	\$94	\$232,500	\$88	96	96
<b>Average</b>			<b>2,055</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1965</b>	<b>\$161,633</b>	<b>\$78</b>	<b>\$153,716</b>	<b>\$75</b>	<b>73</b>	<b>88</b>

Number of Properties: 6

# Analyzing a Deal

Asking Price \$79,900

Comparables in the area

\$95,000 (Quick Sale) to \$119,000 (High Wholesale)

Offer price

$$(\$95k + \$119k) / 2 \times 70\% = \$74,900$$

if \$15,000 rehab needed

$$(\$95k + \$119k) / 2 \times 70\% - \$15,000 = \$59,900$$

# Analyzing a Deal

Asking Price \$225,000

Comparables in the area

\$190,000 (Quick Sale) to \$240,000 (High Wholesale)

Offer price

$$(\$190k + \$240k) / 2 \times 85\% = \$182,750$$

if \$25,000 rehab needed

$$(\$95k + \$119k) / 2 \times 85\% - \$25,000 = \$157,750$$

# Analyzing a Deal

Sellers know more than they think about the property

Questions to ask the seller:

- What will it sell for after it is repaired?
- How much will it cost to repair?
- Estimated monthly rent (if rental)?
- Do you have equity in the property?
  - If no equity, are they behind on payments? (short sale)
- How much do you want for the property?

