



de Harmonious Home Adventures

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Summer is upon us.

In many businesses, summer brings on the doldrums: heat = stagnation.

Not so in the world of real estate. There is no better time to seek out the perfect place to *LOVE WHERE YOU LIVE*.

When doing so, however, beware the temptation to rely on your computer to tell you what a home is worth - either yours or one you're considering.

Computers are great tools and Artificial Intelligence algorithms are amazing programs. But - at least at present - there is no substitute for human experience in putting a price on property.

This month, we take a look at the whole computer-value-estimating process.

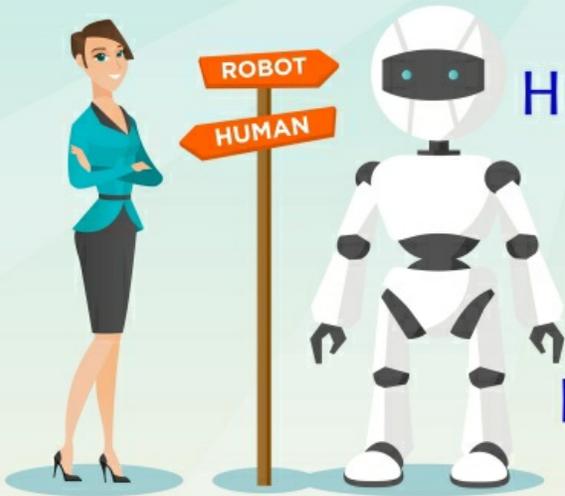
If I can help with a real estate adventure, either by finding the perfect new space or bringing the new to one you're in, give me a call - I'd love to help you love where you live.

xo

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p.s. - please share *Harmonious Home Adventures* with friends and family (everyone deserves to love where they live!). Just hit the "forward" button on your email. They can sign up here:

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Human Experience & Judgment VS. Data & Algorithms

Valuing Real Estate - Computer v. Human

It's Not Just About Data

Computers and algorithms are all well and good. But sometimes there is no substitute for knowledge, experience, and judgment.

Take a look at these homes:



Many neighborhoods are like this one – smaller, quaint, “vintage” homes literally right next door to very large new-builds with far higher price-per-square foot values.

Yet, many real estate websites say that they can give accurate market value “estimates” without the benefit of human observation. They use computer algorithms factoring in who-knows-what-all kinds of things to come up with their evaluations.

I suspect that local taxing authority appraisals weigh heavily in the mix, along with the public data history of the individual property, sales volume within defined geographical areas, and MLS listing data - current and historical.

The algorithm sometimes makes appropriate adjustments. Sometimes it doesn't. It's also interesting that, comparing a specific property across several different computer-based value estimators, you find a very tight range of values. They stick pretty close together.

Maybe they "think" doing so lends some “authority” to their opinion – you know, the old “50,000,000 Elvis Fans Can't Be Wrong” approach.



The problem is, no matter how many computers there are and how much "data" they sift from cyberspace, some important factors never enter into their equations.

Things that an algorithm can't assess include finish improvements that have been made but aren't reflected in historical listing data.

For instance, one property that I'm personally familiar with bore a computer estimated (let's call it a "compu-est") value of around \$370,000. After it sold for somewhat less than that, the compu-est stayed at that level.



The new owners completely renovated the home and, after a couple of years, put it back on the market for \$200k more than the compu-est. When the property hit the MLS, the compu-est jumped to \$500k – a significant increase but a full \$80k below list price.



The home sold for over asking – a reflection of the quality of the renovation work and the finishes. But the compu-est stayed (and *still remains*, by the way, despite the sale) at *nearly \$100k below the amount the home sold for*.

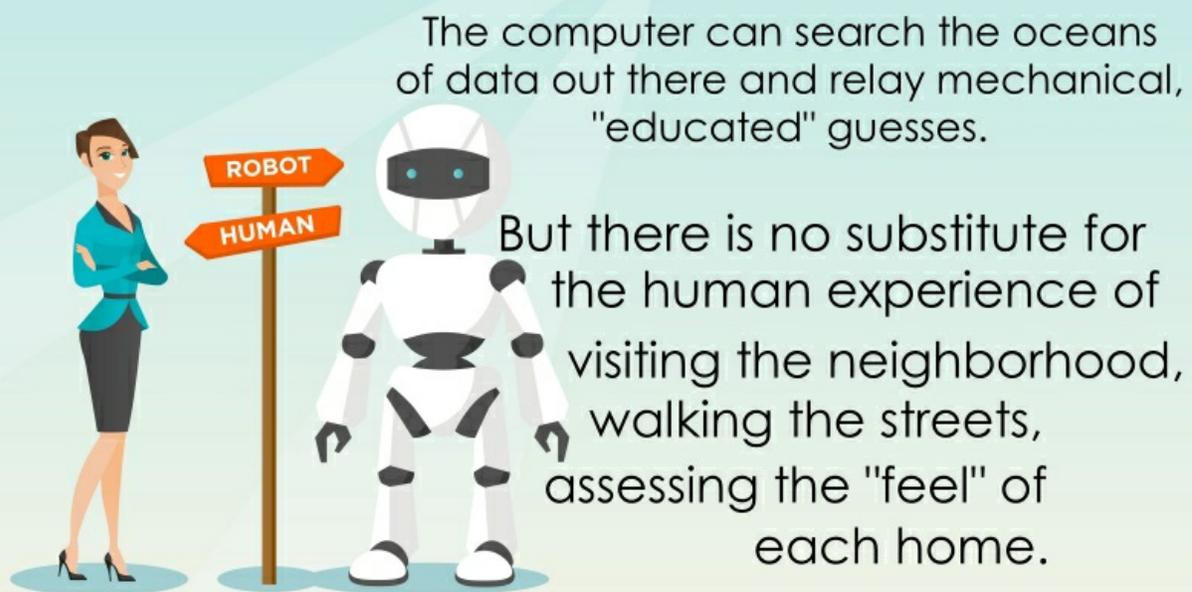
The fair market value of a property, by universal practical *and* legal definition, is the amount that a willing buyer who is under no necessity of buying will pay and that a willing seller who is under no necessity of

selling will accept.

Obviously, the fair market value for the home we just discussed was somewhere just shy of \$600k - yet the computer algorithm didn't get anywhere near that.

If the buyers had relied on the algorithm to define their search and, for instance, decided not to look at the property because they thought it was overpriced, they wouldn't be loving where they're living today.

Instead, they listened to their realtor, who previewed the home for them, knew what they wanted in a home, and suggested that they take a look.



The computer can search the oceans of data out there and relay mechanical, "educated" guesses.

But there is no substitute for the human experience of visiting the neighborhood, walking the streets, assessing the "feel" of each home.

Realtors do that. Computers can't.

I can do it for you. And give you advice about whether a property can be somewhere you'll love to live, no matter what the computer says it's "worth."

After all, the goal is to

Love Where You Live!

DEBRA *db* BARRETT

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ABOUT DEBRA

Debra's experience in home renovation, staging, styling, and redesign sets her apart from the crowd in the Fort Worth area real estate market.

- *Creativity* to re-imagine existing spaces for broader appeal.
- *Vision* to see opportunities where others see problems.
- *Insight* to know what buyers are looking for.

Debra doesn't just listen - she empathizes.
She matches buyers to spaces.

Debra doesn't just sell property - she maximizes potential.
She helps her clients find *harmony* in their lives.

You can - and should - love where you live!



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