

# HOME IS WHERE THE HEART IS

Home owners hold their properties dear to their heart as it is usually their biggest financial and personal investment. We often view our property with what is known as the "Endowment Effect".

After all, most of us have put our blood, sweat and tears in our homes as well as celebrated many of life's special events in these places that hold our best memories.

Harvard Professor and author of Smart Money Decisions, Dr Max Bazerman explains it this way *"The couple who are about to sell the home in which they raised their family may find it difficult to objectively assess the selling price of something to which they have a strong emotional connection"*.

How then, can we be objective when it comes to valuing something that is priceless to us?

As mentioned previously, a good Real Estate Agent will provide a relevant Comparative Market Analysis (CMA). This analysis includes facts about recent sales in the same location as your property with honest commentary as to whether the properties sold are superior or inferior to yours.

The current economic climate is also very relevant as it can have an enormous effect on the confidence of Buyers, as we have seen in recent times.

We also invest in our homes, some of this is visible and some is not. Road maintenance for example is something that is very costly and necessary, but needs to be viewed as a maintenance expense rather than a value-adding outlay – unless you are able to put a permanent solution in place such as concrete or bitumen.

Other upgrades will add value, but may not necessarily translate to the same or higher dollar value to your property i.e. swimming pools and gardens. Often this can relate to the timing of the expenditure in relation to time of sale.

The message then is, don't shoot the messenger! Agents present the facts they can quantify in past sales and their opinion of where the market is headed. Choose an Agent you feel most comfortable with and one who offers no sale – no fee.

If you are uncertain of the estimates provided by the Agents, a registered valuation is a very worthwhile investment.



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