

Value



Buyer's Viewpoint

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“Value” implies the “worth” of something, often expressed in dollars. There is the basic functional value, and an esteem or psychological value. For example, a basic new car is functional, but people often choose added value and purchase an upgraded, more expensive vehicle. The same home will have a different value in different neighborhoods and in various locations within the same neighborhood. Astute buyers want value, not just price.

The value of a home depends partly on the current real estate market. If it is a seller's market, when prices are increasing and desirable properties are going quickly, buyers are sometimes willing to pay asking price or more to acquire the home they desire. In a buyer's market, when there are more homes in inventory and fewer buyers, they expect to bring the price down.

Shelter value is a roof over one's head. Beyond that is added value. Budget and lifestyle usually determine how much added value the buyer seeks when purchasing a home. Investment value is looking at future value. The buyer wants to choose a home that will be desirable to future purchasers and will increase in value with time.

Real Estate appraisers express value as:

1. Comparative market value: the prices for which comparable properties in comparable neighborhoods have recently sold.
2. Replacement value: how much it will cost to buy a comparable building site in a comparable community, and to build a comparable home or set of improvements on the land.
3. Income approach to value: What a specific property is worth based on an investor's criteria.

What constitutes value to you in your home purchase? What added value do you seek? Ask your buyer agent to help you determine the value of the properties you view.

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