

Faulty Data Can Distort Local MLS Statistical Analysis

For this week's column, I wanted to analyze MLS sales statistics for Jefferson County (below 6,000 feet), but in the end I found only two statistics that were not flawed due to poor data. The only statistics I can quote with a guarantee of accuracy is that the number of sales this October was down 12% from last October, and that days on market was up 25%.

Do you want to know if the average price has gone up or down? Well, either answer is correct!

The average sold price rose from \$292,504 last October to \$293,491 this October. But wait! The average home sold this October was 1,914 sq. ft., vs. 1,776 sq. ft. last October, meaning the average price per square foot tumbled from \$165 to \$153.

But wait, there's more! Last October, walk-out basements were not counted as "main" square feet, and this October they were. But wait! Although that rule was changed in Jan. 2006, 12 of the 32

homes with finished basements did not take advantage of the new rule!

Getting a trustworthy report on the change in price per square foot is no small task. Since many agents don't even break down square footage by floor, I'd have to consult the county assessor's website in some cases to make the square footage numbers consistent. Wouldn't it be nice if Metrolist demanded this consistency from all agents?

Another important consideration in assessing the real estate market is the ratio between original listing price and actual sold price.

For example, according to Metrolist, in October 2005 the homes in our study area sold for an average of 91.6 percent of original listing price, whereas this October the homes sold for an average 93.9% of original listing price. But wait! Errors in original listing price are numerous. I counted 22 such errors — almost 2 per month

— in our study area in the last 12 months, including one this October in which the ZIP code had been entered in the price field. In October 2005 there were four errors. A house at 1900 East Street which sold for \$414,000 showed an original listing price of \$4,999,000 — obviously a typo. Yet all these typos remain uncorrected on the MLS database and distort the calculations which are released by Metrolist itself!

In May of this year our study area had a particularly low ratio of sold price to original listing price — 85.2%. I looked for the reason and found a house that sold for \$235,000 that month with an original listing price of \$24,995,000.

I found three other listings with original prices under ten dollars.

The bottom line here is that until Metrolist takes a little more interest in the integrity of its data, you really can't draw any dependable conclusions from statistics derived from their data on sold listings.

I'm hopeful that, with prodding, they might improve the situation..



REAL ESTATE TODAY
By Jim Smith, Realtor

Is a Mortgage Adjustment About to Jeopardize Your Holiday Spending?

If you're one of millions of Americans who obtained an interest only or option ARM a few years ago, you may be about to see your mortgage payment increase dramatically. Before you spend a lot on holiday giving, consider getting a "mortgage check-up" from some trusted professionals.

My assistant, **Shelley Ervin**, has helped me to create a **free mortgage workshop** at which you can get your questions answered and have your current mortgage analyzed. She recently analyzed my own mortgage for me and gave me the peace of mind that I don't need to refinance out of it.

On the Monday evening after Thanksgiving, **Nov. 27th**, she and I will co-host a workshop in Golden where you can bring your mortgage papers and get the same evaluation free of charge in a "no sales" atmosphere. Yes, Shelley is a mortgage broker, but you will get straight advice and a promise of **no follow-up calls** from her or any of the other experts who will be there to answer your questions. You'll be able to take her business card and call her or call your own mortgage professional.

To reserve your seat and get location information, send me an email at jimsmith@remax.net.



Jim Smith

Broker Associate

RE/MAX Alliance

Each office independently owned and operated.

303-525-1851 Email: jimsmith@remax.net

See all Jim's listings at www.JimSmith.com

