

Absorption Report Presentation

You can find the presentation on the www.9321234.net website under agents, fact & forms, miscellaneous.

Log into FMLS.

Determine the price range of the property like you would normally do. You do not need an exact number you're looking for a range. If you think the price of the property would be \$225,000 then the range would be something like 210-240. Price range ~ Think of it as if you were working with a buyer in that area. The buyer may say I want something under 250. Your search may be 200 – 250.

Now that you have the price range 210-240

In FMLS do a search using the price range with the following search criteria...

Search "**Quick Search**"

Set the "**Status**" **Active ~ Pending ~ Sold**

Set the "**List Price**" **210000 – 240000**

School "**Elementary School**" **Fort Daniel**

Sales Information "**Closing Date**" **10/01/2008 ~ 12/31/2008**

Use either the past 3 months or a maximum of 6 months.

Then click on "**Statistic**" it is right below the search button.

This is the report you will get....

Active - 27 Properties Found						
	Bedrooms	Full Baths	Half Baths	List Price	Sale Price	Days on Market
Min	3	2	0	\$ 214,000	\$ 0	
Avg	4	2	1	\$ 222,235	\$ 0	
Max	6	3	1	\$ 239,990	\$ 0	

Sold - 3 Properties Found						
	Bedrooms	Full Baths	Half Baths	List Price	Sale Price	Days on Market
Min	4	2	0	\$ 214,900	\$ 215,000	18
Avg	5	3	1	\$ 219,966	\$ 220,833	105
Max	5	4	2	\$ 225,000	\$ 226,500	183

Now you divide the number of sales into the past 3 months.

In this case 3 sales divided into 3 months equals 1.

Then divide 1 sale(s) per month into the number of active properties 27.

The result is 27 months of inventory. So if sales continue at the pace of one per month it would take in theory 27 months to sell all the available properties.
 Now enter the "Middle" school and don't forget to clear the elementary school.

Active - 71 Properties Found						
	Bedrooms	Full Baths	Half Baths	List Price	Sale Price	Days on Market
Min	3	2	0	\$ 210,000	\$ 0	
Avg	4	2	0	\$ 224,332	\$ 0	
Max	6	4	1	\$ 239,990	\$ 0	

Pending - 4 Properties Found						
	Bedrooms	Full Baths	Half Baths	List Price	Sale Price	Days on Market
Min	4	2	0	\$ 225,000	\$ 0	85
Avg	5	3	0	\$ 230,995	\$ 0	119
Max	5	3	1	\$ 239,990	\$ 0	154

Sold - 8 Properties Found						
	Bedrooms	Full Baths	Half Baths	List Price	Sale Price	Days on Market
Min	4	2	0	\$ 214,900	\$ 191,800	5
Avg	5	3	1	\$ 225,437	\$ 220,787	88
Max	5	4	2	\$ 239,900	\$ 237,500	183

Do the math again...8 sold divided by 3 months = 2.7 homes sold per month.
 71 divided by 2.7 = 26 months of inventory

Now enter the "High" school and don't forget to clear the middle school.

Active - 119 Properties Found						
	Bedrooms	Full Baths	Half Baths	List Price	Sale Price	Days on Market
Min	0	0	0	\$ 210,000	\$ 0	
Avg	4	2	0	\$ 224,446	\$ 0	
Max	6	4	1	\$ 239,990	\$ 0	

Pending - 7 Properties Found						
	Bedrooms	Full Baths	Half Baths	List Price	Sale Price	Days on Market
Min	4	2	0	\$ 225,000	\$ 0	19
Avg	4	3	1	\$ 231,668	\$ 0	85
Max	5	3	1	\$ 239,990	\$ 0	154

Sold - 14 Properties Found						
	Bedrooms	Full Baths	Half Baths	List Price	Sale Price	Days on Market
Min	3	2	0	\$ 210,000	\$ 190,000	14
Avg	4	3	1	\$ 225,150	\$ 215,710	73
Max	5	4	2	\$ 239,900	\$ 239,900	183

Do the math again... 14 sold divided by 3 months = 4.7 homes sold per month.
119 divided by 4.7 = 25.3 months of inventory

Based on the absorption report information...

The price range of 210-240 has over two years of standing inventory. If homes continue to sell at the current rate(s) it would take over 2 years for all properties to sell if no other properties were listed for sale.

This report information is a strong indication of the current market.

A review of pending sales is currently indicating a stronger market.

Middle School ~ currently 4 properties are pending when the average has been 2.7 closing per month.

High School ~ currently 7 properties are pending when the average has been 4.7 closing per month.

Why use this information opposed to a CMA? There is a lot of inventory and many subdivisions may not have had a sale in the past 12 months. Most people are looking in a specific geographic area, which makes looking in specific school district a good comparison.

Save the FMLS print outs....

You will use this information to set the price of your listings and to justify price changes.

You will also use this information when justifying the contract price on a short sale.

The report you prepare when you list the property may be totally different in 30~60~90 days. So keep a copy.