

How to Get Comps

by [Tim Randle](#)

There are primarily four ways to get information on comparable sales (comps) when trying to determine the value of a target property. Those four are:

1. Doing Your Own Research
2. Internet Searches
3. Service Companies
4. Access to MLS

DOING YOUR OWN RESEARCH

Within this category, there are four subcategories. Those are:

- Courthouse Searches
- Newspaper Listings
- Tax Appraisal Districts
- Master the Neighborhood

Courthouse Searches

If you live in a state that discloses property sales information, you will have a much easier time than those of us who live in a non-disclosure state, like Texas. My understanding for disclosure states is that information on sales can be found at the courthouse if you're willing to spend the necessary time. From that information you could devise your own methodology for determining comps. Certainly, it would be beneficial to know the history of a target property which you can look up while you're there, but I think this would be very slow and probably not worth your efforts if the only goal is to get comparable sales data.

Newspaper Listings

In some states the sales information is listed in the local newspapers so you could get a feel that way or create your own database and update it periodically. Again, I think this is a slow way to get things done, but it may prove useful to you in some circumstances.

Tax Appraisal Districts

In my area, the tax assessed values provided by the tax appraisal districts are frequently useless. You'll have to get a feel for this in your area as you may find that the assessed values are close in many neighborhoods.

Master the Neighborhood

Probably the most accurate way is to spend the necessary time to master your farm areas. By this I mean learning the values for certain neighborhoods that you target. You can speak with Realtors, attend open houses, view as many floorplans as possible, etc. until you can drive by a house at 30 mph and know within a reasonable range what the property will be worth in good condition. This information comes in extremely handy when talking to sellers on the phone. If a seller calls you and tells you the house is in ABC subdivision, it's a three bedroom, two bath, two car garage house and it's 1,500 square feet, it's nice to immediately know the market value in your head.

INTERNET SEARCHES

I know some investors use online searches to determine value. I tried this when I first started and found the information to be outdated and not even close to what I consider a comp. For example, at the time the Austin, Texas market was appreciating almost one percent per month. Retrieving sales numbers that were almost a year old and five miles away from my target property was useless. If you're in a disclosure state, this methodology may prove more helpful. I haven't used or even looked at any of these sites for this purpose in years, but here's an initial list you could view, although keep in mind that some of these may be regional-specific.

www.Realtor.com www.Homeradar.com www.Homegain.com
www.Yahoo.com www.Domania.com

I'm sure you can find many more sites like these if you'll spend the time to do so.

SERVICE COMPANIES

Some investors subscribe to services that provide sales information. This can be in the form of software in the form of CD's that are sent out periodically or it could be an online service where you login to retrieve information. I've never used any of these services and typically, the reviews are mixed as to their usefulness. Again, that may come down to whether or not your state discloses sales information. Here's a list for you to check out:

First American Real Estate Solutions (www.firstamres.com)

Dataquick (www.dataquick.com)

Netronline (www.netronline.com)

CD-Data (California only - www.cd-data.com)

ACCESS TO MLS

Having access to Realtor's proprietary information that is available in the Multiple Listing Service (MLS) is invaluable. In my opinion you should begin working toward this goal regardless of which comp methodology you plan to use or currently use. Again, there are several ways to accomplish this goal:

- Ask or Hire Someone to Help
- Become a Realtor
- Obtain an Associate Membership
- Relationship Access

Ask or Hire Someone to Help

One way to obtain information on sales is to contact those who have access to it. For example, you could get in touch with a Realtor, Appraiser, or Title Company and establish a relationship. At some point fairly early on you'll have to make it worthwhile for these folks to continue helping you, so it's important to either pay them for their assistance or to get some deals done where they get paid.

If you're going to go this route, I think it's extremely important to have the actual data sheets sent to you so that you can begin to learn how to evaluate values. You'll soon discover that no one runs comps like you do. After all, a comp is merely someone's opinion of what a property is worth. I've had Realtors provide alleged comps on properties that were in different subdivisions miles away, fifty years older than my target property, with a different number of bedrooms and baths, different foundation structures, sold years prior, etc. Do you really want to trust six figure decisions to someone else's judgment?

Become a Realtor

Although I frequently see disparaging comments about Realtors and the liability associated with becoming one, I think this line of thinking is way overblown. I can promise you that if you're in real estate long enough; you're going to end up a target for someone. Whether or not you happen to have a real estate license is probably irrelevant.

Then there's the theory that you're held to a higher standard if you're licensed. Again, who cares? You're not going to operate your business to at least the standards that Realtors are held to?

No, I'm not licensed and I go back and forth on whether or not I should be, but my decision, or lack of one, is based on costs versus benefits and being lazy. I've never met a successful investor who also happened to be licensed who told me not to get my license. It seems to be only the folks who aren't licensed who warn me of the "risks". So, my suggestion is to not rule out this possibility simply because someone else told you to or you read something on a newsgroup.

Obtain an Associate Membership

In some areas, the Board of Realtors will sell associate or affiliate memberships to non-licensed individuals. For example, appraisers may qualify and I've heard of investors being able to obtain a membership as well. In my area anyone who wants access to MLS must have a real estate license or someone in their office who is licensed. If you don't know if this is available in your area, it's certainly worth a phone call.

Relationship Access

Building relationships with Realtors and other professionals who have access to MLS is another great way to gain access. Granted, this methodology takes longer and requires ongoing efforts, but it is an effective way to get comps. You may start out initially with receiving faxes and then progress to limited and supervised access to the MLS during non-work hours. From there you might achieve non-supervised access, which then gives way to a full-fledged copy on your home computer. Anyway, you get the picture. As the relationship grows and the Realtor is fairly compensated for time spent, you'll find it easier to ask for favors. As far as how you do this, I would suggest scheduling lunches with the appropriate people. If you take ten Realtors out to lunch over a month, you'll find someone willing to work with you. I would suggest contacting agents who specialize in commercial properties. The reason is simple. Agents who work the residential listings and buyers need to use MLS on a daily basis.

Commercial agents typically don't. In fact, in my area commercial real estate deals are handled almost exclusively through networking. In other words, it's done by word of mouth, phone and faxes and MLS isn't even used. However, being a member of the Board of Realtors still requires paying the same dues regardless of the fact that commercial agents may not really use MLS. Is it possible that one might agree to let someone else pay for that service that they're being charged for, but not using? Hmmmm...

If you're going to take this approach, tread lightly. In many areas allowing non-licensed individuals access to the MLS is viewed as a violation, thereby putting the agent's license and livelihood at risk. Again, it's a relationship thing. However, perhaps that agent opened a "branch office"? Anyway, it's something to consider and I wanted to let you know that not only is it possible to do this, it's not even that difficult.

Summary

In summary, let me state that no method for getting comps will surpass the importance of learning your market and more particularly, your farm areas. However, that takes time and I wanted to let you know there are other ways to get it done while you're gaining the knowledge and experience. In my opinion the combination of MLS access and firsthand knowledge is critical in determining comparable values, but that's not always possible, especially when just starting out.

So, it's time to get busy chasing MLS access and learning your farm areas. Good investing...