

Zestifail White Paper

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For my research, I took all closed single family home sales from First Multiple Listing Service in Sope Creek Elementary / Walton High that closed in 2016. I excluded new construction properties since typically there is no previous value history or the previous value was based on an existing tear-down structure which can be expected to yield an inaccurate Zestimate. After eliminating the new construction transactions, there were a total of 91 sales in the data set. Since it appears that Zestifails adjust their value based on a home's listed value, I looked up the most recent Zestifail value PRIOR TO the list date for the property. To get the % error on value of the Zestifail, I used the following formula: $(\text{Zestifail value immediately prior to listing} - \text{final sales price}) / \text{final sales price}$.

Looking at the whole data sample, homes sold for an average of 95% of their Original List Price...that is the efficient market theory in action where homes marketed through the MLS are exposed to the buyer pool with access to public information. Of the 91 sales, 51 (56.0%) had an original list price +/- 5% of the final sales price which suggests the agent and/or seller accurately priced the home from the beginning. 91.0% of the listings we took in 2016 sold within 5% or better of their original list price. On the other hand, the Zestifail was within +/- 5% of the final sales price only 22 times (24.2%). I guess a blind pig will find 1 out of 4 nuts.