Time Adjustments for Appraisers

The goal of this class is to discuss time adjustments in residential real estate appraisals and reporting changes over time in markets. Attendees will be required to have a pc with Excel 2007 or later installed. We will switch between a presentation and hands on Excel exercises.

Course Outline

1. Introduction (5 Minutes)
   a. Class Description
   b. Class Goals

2. Time Adjustments
   a. Data Modeling and the Appraisal (5 Minutes)
      i. Data Requirements
   b. Methods
      i. What is Regression and Graphing Basics (30 Minutes)
         1. Regression Math
         2. Graphing
            a. Select Data
            b. Add a Trendline
            c. Formatting
            d. Add Trendline Equation
      ii. Simple Linear Regression-Sale Price (30 Minutes)
         1. Discussion and Examples
            a. Sale Price Trendline Daily Adjustment Equation
         2. Class Exercises 1&2-Simple Regression
      iii. Sale PSF Linear Regression (30 Minutes)
         1. Discussion and Examples
            a. PSF Trendline Daily Adjustment Equation
         2. Class Exercises 3&4-PSF Simple Regression
      iv. Linear Regression Issues (30 Minutes)
         1. Outliers
         2. Class Exercises 5&6-Outliers
         3. Market Changes
            a. Polynomials and Splines
            b. Class Example-Changing Market
   v. Repeat Sales (10 Minutes)
      1. Discussion and Example
   vi. Percent Change (10 Minutes)
      1. Discussion and Examples
   c. The 1004MC (10 Minutes)
i. Issues
ii. The 1004MC Method-It’s all Jared’s fault!

d. How Good is Your Model? Issues and Reviewing Your Data and Graphs (30 Minutes)
   i. Non-conforming data
   ii. Scarce data
   iii. The angle of the dangle
   iv. Outliers
   v. Other factors driving value
   vi. Regression anchoring

e. Modeling-Which Method to use When (30 Minutes)
   i. Conforming submarket area with many sales
   ii. Non-conforming submarket area with many sales
   iii. Non-conforming submarket with few sales
   iv. PSF vs. Sales Price trendlines
   v. Litigation-repeat sales

3. Neighborhood Markets and Time (20 Minutes)
   a. Data Sources
      i. MLS Data
      ii. MLS Tools
         1. Trend Vision
      iii. National and Regional
         1. Freddie Mac MSA
         2. FHFA
         3. Case Shiller
      iv. Other Data Sources
         1. Other appraisers
   b. Units of Measure
      i. PSF
      ii. Sale Price
      iii. Repeat Sales
      iv. 12 Month Change
      v. Inventory
      vi. Days on Market
      vii. Average Number of Offers
   c. Data Presentation
      i. Descriptive
      ii. Tables
      iii. Charts
         1. Line Chart
         2. Bar Chart
3. Scatter Graph
4. More on Polynomials

d. Define the Market Area to Report
   i. Process
      1. Clearly Define the Neighborhood and Market Area
      2. Evaluate the Number of Sales over Time
      3. Are there enough sales to determine market direction?
      4. If not, expand outward until in your opinion, you have a sense of market
direction
      5. Report what you did and why plus certainty
   ii. Market Cases and Issues
      1. Urban or Suburban Residential
      2. Acreage
      3. 2-4 Units
      4. Seasonality
      5. Exceptions to Exclude
         a. Small Lot Properties
         b. Superior/Inferior Markets
      6. Retrospective
      7. Outliers
   e. Examples (20 Minutes)
      i. Simple
      ii. Market area with lots of data
      iii. Market area with little data-expand the analysis
      iv. Acreage examples
      v. Mixed Low Density/Small Towns
      vi. Retrospective
      vii. Seasonality