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