

Sales Comparison Approach
Practice Problem # 2
Sales Comparison

Your subject property has three bedrooms, one bath, an attached 2 car garage and no fireplace. It has forced hot air heat.

You have analyzed the market and found 4 sales to use as comparables.

You have also found that sales prices have increased 5% each year for the last 5 years.

Sale # 1: 4 bedroom, 2 bath with an attached 2 car garage. It has a large fireplace, hot water heat & sold 2 years ago for \$172,500.

Sale # 2: 3 bedroom, 1 bath with a 1 car attached garage. No fireplace and has forced hot air heat. Sold recently for \$171,850.

Sale # 3: 3 bedroom and 2 baths. An attached 2 car garage with an average fireplace and hot water heat. Sold 2 years ago for \$176,500.

Sale # 4: 4 bedroom, 2 baths and an attached 2 car garage. It has a large fireplace and hot water heat. Sold 1 year ago for \$185,000.

Estimate a value for the subject property rounding to the nearest \$100.

ADJUSTMENT AMOUNTS:

4TH BEDROOM	\$8,000
EXTRA BATH	\$5,000
1 CAR GARAGE	\$9,000
2 CAR GARAGE	\$13,200
AVERAGE FIREPLACE	\$4,000
LARGE FIREPLACE	\$4,800
FORCED HOT AIR HEAT	\$4,500
HOT WATER HEAT	\$5,600

	SUBJECT	SALE # 1		SALE # 2		SALE # 3		SALE # 4	
SALE PRICE									
TIME ADJ									
TIME ADJ SALE PRICE									
BEDROOMS									
BATHS									
GARAGE									
FIREPLACE									
HEAT									
NET ADJ									
ADJ SALES PRICE									

ESTIMATED VALUE INDICATED BY THE SALES COMPARISON APPROACH:

**Sales Comparison Approach
Practice Problem # 2 Answer
Sales Comparison**

Estimate a value for the subject property rounding to the nearest \$100.

ADJUSTMENT AMOUNTS:

4TH BEDROOM	\$8,000
EXTRA BATH	\$5,000
1 CAR GARAGE	\$9,000
2 CAR GARAGE	\$13,200
AVERAGE FIREPLACE	\$4,000
LARGE FIREPLACE	\$4,800
FORCED HOT AIR HEAT	\$4,500
HOT WATER HEAT	\$5,600

	SUBJECT	SALE # 1		SALE # 2		SALE # 3		SALE # 4	
SALE PRICE			\$172,500		\$171,850		\$176,500		\$185,000
TIME ADJ		2 YRS @ 5%	\$17,250		NONE	2 YRS @ 5%	\$17,650	1 YR @ 5%	\$9,250
TIME ADJ SALE PRICE			\$189,750		\$171,850		\$194,150		\$194,250
BEDROOM S	3	4	(\$8,000)	3	\$0	3	\$0	4	(\$8,000)
BATHS	1	2	(\$5,000)	1	\$0	2	(\$5,000)	2	(\$5,000)
GARAGE	2	2	\$0	1	\$4,200	2	\$0	2	\$0
FIREPLACE	NONE	LARGE	(\$4,800)	NONE	\$0	AVERAGE	(\$4,000)	LARGE	(\$4,800)
HEAT	FORCED	HOT WATER	(\$1,100)	FORCED	\$0	HOT WATER	(\$1,100)	HOT WATER	(\$1,100)
NET ADJ			(\$18,900)		\$4,200		(\$10,100)		(\$18,900)
ADJ SALES PRICE			\$170,850		\$176,050		\$184,050		\$175,350

ESTIMATED VALUE INDICATED BY THE SALES COMPARISON APPROACH

\$176,100