



Department of Local Government Finance

The Sales Comparison Approach Problems and Answers

2023 Level I Tutorials

Sales Comparison Approach
Class Problem # 1
Paired Sales Analysis

Listed below are five sales of comparable single family residential properties that have recently occurred in a neighborhood. Using the given data below determine the appropriate lump sum dollar adjustment (Contributory value) for the following elements:

Bedroom: _____
 Bathroom: _____
 Basement: _____
 Extra parking bay in garage: _____

Sale	# 1	# 2	# 3	# 4	# 5
Sale Price	\$ 140,400	\$ 126,000	\$ 130,000	\$ 124,000	\$ 135,500
Sq. Feet	1,800	1,650	1,800	1,600	1,800
Bedrooms	4	3	4	3	4
Bathrooms	2	2	2	1	2
Foundation	Basement	Crawl Space	Crawl Space	Crawl Space	Basement
Garage	2 Car	2 Car	2 Car	2 car	1 Car

(NOTE: Variations in square footage are due to the different number of rooms and do not require adjustment; this is allowed for in the adjustments for bedrooms and bathrooms.)



Sales Comparison Approach
Class Problem # 1 Answer
Paired Sales Analysis

Listed below are five sales of comparable single family residential properties that have recently occurred in a neighborhood. Using the given data below determine the appropriate lump sum dollar adjustment (Contributory value) for the following elements:

Bedroom:	\$4,000
Bathroom:	\$2,000
Foundation:	\$10,400
Extra parking bay in garage:	\$4,900

Sale	# 1	# 2	# 3	# 4	# 5
Sale Price	\$ 140,400	\$ 126,000	\$ 130,000	\$ 124,000	\$ 135,500
Sq. Feet	1,800	1,650	1,800	1,600	1,800
Bedrooms	4	3	4	3	4
Bathrooms	2	2	2	1	2
Foundation	Basement	Crawl Space	Crawl Space	Crawl Space	Basement
Garage	2 Car	2 Car	2 Car	2 car	1 Car

(NOTE: Variations in square footage are due to the different number of rooms and do not require adjustment; this is allowed for in the adjustments for bedrooms and bathrooms.)





Sales Comparison Approach

- At this time, please go back to the Sales Comparison Approach PowerPoint and resume on slide 44.

Sales Comparison Approach
Class Problem # 2
ADJUSTING COMPARABLE SALES

You are reviewing an appeal of a three bedroom, two bath ranch style house that has 2,420 square feet. This subject house has a full basement and an attached two car garage. You have located 5 recent comparable sales in the same neighborhood.

- Sale # 1: This is a four bedroom, three bath ranch style home containing 2,600 square feet of living area. It has a full basement and an attached three car garage. Sale price is \$275,000.
- Sale # 2: This is a three bedroom, two bath ranch style home that has 2,400 square feet of living space. It is on a crawl space and has a one car attached garage. Sale price is \$230,000.
- Sale # 3: This is a three bedroom, two and one half bath residence containing 2,400 square feet of living area. It has a full basement and a three car attached garage. Sale price is \$245,000.
- Sale # 4: This is a three bedroom, two and one half bath home located on a crawl space. It contains 2,600 square feet of living area and has a two car attached garage. Sale price is \$245,000
- Sale # 5: This is a four bedroom, two bath home with 2,500 square feet of living space. It has a full basement and a three car attached garage. Sale price is \$262,250.

You have determined that the following elements of comparison are influential on value: Bedrooms, bathrooms (both full and half), garage bays, and basement. You have conducted a paired sales analysis and determined the contributory value of these elements as follows:

Bedrooms:				\$8,000
Bathrooms:	Full	\$3,000	Half	\$1,000
Garage bay:				\$4,000
Basement:				\$15,000



Using the grid, determine the estimation of value for the subject property.

	SUBJECT	SALE # 1		SALE # 2		SALE # 3		SALE # 4		SALE # 5	
SALE PRICE											
BEDROOMS	3										
BATHROOMS	2										
GARAGE	2 CAR										
FOUNDATION	BSMNT										
NET ADJ.											
ADJ SALES PRICE											
SQ FEET	2,420										
SALE PRICE/SF											



Sales Comparison Approach
Class Problem # 2 Answer
ADJUSTING COMPARABLE SALES

	SUBJECT	SALE # 1		SALE # 2		SALE # 3		SALE # 4		SALE # 5	
SALE PRICE			\$275,000		\$230,000		\$245,000		\$245,000		\$262,250
BEDROOMS	3	4	(\$8,000)	3		3		3		4	(\$8,000)
BATHROOMS	2	3	(\$3,000)	2		2 1/2	(\$1,000)	2 1/2	(\$1,000)	2	
GARAGE	2 CAR	3 CAR	(\$4,000)	1 CAR	\$4,000	3 CAR	(\$4,000)	2 CAR		3 CAR	(\$4,000)
FOUNDATION	BSMNT	BSMNT		CRAWL	\$15,000	BSMNT		CRAWL	\$15,000	BSMNT	
NET ADJ.			(\$15,000)		\$19,000		(\$5,000)		\$14,000		(\$12,000)
ADJ SALES PRICE			\$260,000		\$249,000		\$240,000		\$259,000		\$250,250
SQ FEET	2,420	2,600		2,400		2,400		2,600		2,500	
SALE PRICE/SF			\$100.00		\$103.75		\$100.00		\$99.62		\$100.10

IT APPEARS THE SQUARE FOOT VALUE OF THE COMPS WOULD BE \$100.00/SQUARE FOOT.

THEREFORE, 2,420 SQUARE FEET TIMES \$100.00/SQUARE FEET EQUALS (Subject estimated Value)

\$242,000

\$ 99.62

\$ 100.00

\$ 100.00

\$ 100.10

\$ 103.75



Sales Comparison Approach
Class Problem # 3
Time Adjustment Problem

Sale # 1 Sold one year ago for \$62,000 and resold 7 months ago for \$65,100.
 Sale # 2 Sold one year ago for \$67,000 and resold 5 months ago for \$72,225.
 Sale # 3 Sold one year ago for \$65,000 and resold 1 month ago for \$71,500.
 Sale # 4 Sold one year ago for \$67,250 and resold 3 months ago for \$73,300.

Determine the indicated percentage adjustment for time per month _____
 Determine the indicated percentage adjustment for time per year _____

A SALE #	B FIRST SALE SELLING PRICE	C SECOND SALE SELLING PRICE	D % CHANGE	E MONTHS BETWEEN SALES	F PERCENT CHANGE MONTH
1					
2					
3					
4					

PERCENT PER MONTH
 PERCENT PER YEAR



Sales Comparison Approach
 Class Problem # 3 Answer
 Time Adjustment Problem

A	B	C	D	E	F
SALE #	FIRST SALE SELLING PRICE	SECOND SALE SELLING PRICE	% CHANGE	MONTHS BETWEEN SALES	PERCENT CHANGE MONTH
1	\$62,000	\$65,100	5.0%	5	1.0%
2	\$67,000	\$72,225	7.8%	7	1.1%
3	\$65,000	\$71,500	10.0%	11	0.9%
4	\$67,250	\$73,300	9.0%	9	1.0%

PERCENT PER MONTH
 PERCENT PER YEAR

1%
 12%

1.0%

$(C - B) / B = D$
 $D / E = F$

