

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
BEDROOMS	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



**Sales Comparison Approach
Practice Problem # 3
Adjusting Comparable Sales**

You are valuing a subject property for an assessing official. The subject property is 12 years old in average condition. It has an attached garage. It fronts a golf course. Your property has 1,800 square feet and is of average quality. You have researched the market and found three comparable sales.

#1.) This home sold for \$95,800 2 years ago. It is in good condition with 1,700 square feet. This home has an attached garage and fronts a golf course. It is 12 years old and in good condition and average quality.

#2.) Sold 18 months ago. It is a good quality home with 1,600 square feet and a detached garage. It does not front a golf course and is 10 years old and in good condition. The sale price was \$94,900 and the quality is good.

#3.) This home sold for \$83,900 18 months ago. It is 8 years old, in average condition and does not front a golf course. It has 1,650 square feet and a detached garage and is average quality.

Time: \$100 per month decrease
Age: \$1500 per year
Condition: \$5000 difference between Average and Good
Location: Fronting a golf course sell for \$5000 more
Floor Area: \$48/Sq Ft
Garage: \$800 less for detached garage
Quality: \$4000 between average and good



Value the subject property and round to the nearest \$100

	Subject	Sale # 1		Sale # 2		Sale # 3	
Sale Price							
Time Adj							
Time Adj Sale price							
Age	12						
Condition	Avg						
Fronts Golf Course	Yes						
Floor Area (SF)	1800						
Garage	Att						
Quality	Avg						
Net Adjustment							
Adjusted Sale Price							

**Sales Comparison Approach
Practice Problem # 3 Answer
Adjusting Comparable Sales**

	Subject	Sale # 1		Sale # 2		Sale # 3	
Sale Price			\$95,800		\$94,900		\$83,900
Time Adj		2 yrs	(\$2,400)	18 Mos.	(\$1,800)	18 Mos.	(\$1,800)
Time Adj Sale price			\$93,400		\$93,100		\$82,100
Age	12	12	\$0	10	(\$3,000)	8	(\$6,000)
Condition	Avg	Good	(\$5,000)	Good	(\$5,000)	Avg	\$0
Fronts Golf Course	Yes	Yes	\$0	No	\$5,000	No	\$5,000
Floor Area (SF)	1800	1700	\$4,800	1600	\$9,600	1650	\$7,200
Garage	Att	Att	\$0	Det	\$800	Det	\$800
Quality	Avg	Avg	\$0	Good	(\$4,000)	Avg	\$0
Net Adjustment			(\$200)		\$3,400		\$7,000
Adjusted Sale Price			\$93,200		\$96,500		\$89,100

The comparable with the least amount of adjustments is Comparable #1.

If you used the median comparable, Comparable #1 would also be the answer.

The amount you would assign to the subject property is \$93,200.





Sales Comparison Approach

- This concludes the sales comparison approach tutorial and is a reminder that should you have questions you can email these questions to the Department.
- Please send emails to Level1@dlgf.in.gov

