

Time And Market Trending Analysis

Explanation and Derivation of Time Trending Factors: Time trending refers to an analysis of market conditions over a specific period, with two objectives: 1) First, the assessor must identify whether the market has appreciated, remained stable, or declined since the last valuation/reporting period; 2) Secondly, the assessor must determine the actual rate of such activity, typically on a percentage basis.

The most useful and direct basis for extracting the rate of market change, whether up, down, or neutral, is to identify property that has sold twice with few changes in the property between the two sale dates. In such situations, the rate is calculated by comparing the change in sale price between the two periods. The reliability of this extracted rate of change is greatly improved when a number of such sales are available. There were just one re-sale from April 1, 2016 to March 30, 2017 and therefore this technique was unreliable.

Another technique, less direct, but generally more statistically reliable due to the number of sales associated with the study, is to extract the rate of change in market conditions from Sale Date Quartile and Sale Date Half stratification of sales to assessment ratios. In the date range 4/1/2016 to 3/31/2017 there were 313 residential sales during this time. The sales when stratified by Sale Date Half show sale to assessment ratios with a consistent median of 1.00 over the one year period.

Sale Half	Count	Sale Price	Appraised	A/S Ratio	Sale Price	Appraised	A/S Ratio	Abs Disp	COD	Average
2016, H1	108	419,666	414,204	0.99	365,000	362,350	0.99	0.03	3.97%	0.99
2016, H2	151	487,787	477,979	0.98	390,000	383,400	0.98	0.03	3.99%	0.98
2017, H1	54	564,619	548,280	0.97	547,500	510,150	0.99	0.03	3.76%	0.97
313	477,537	468,102	0.98	405,000	395,200	0.99	0.03	3.96%	0.98	

Based on this method it was determined that a time adjustment was not needed when analyzing market sales for the 2017 revaluation of Portsmouth.