

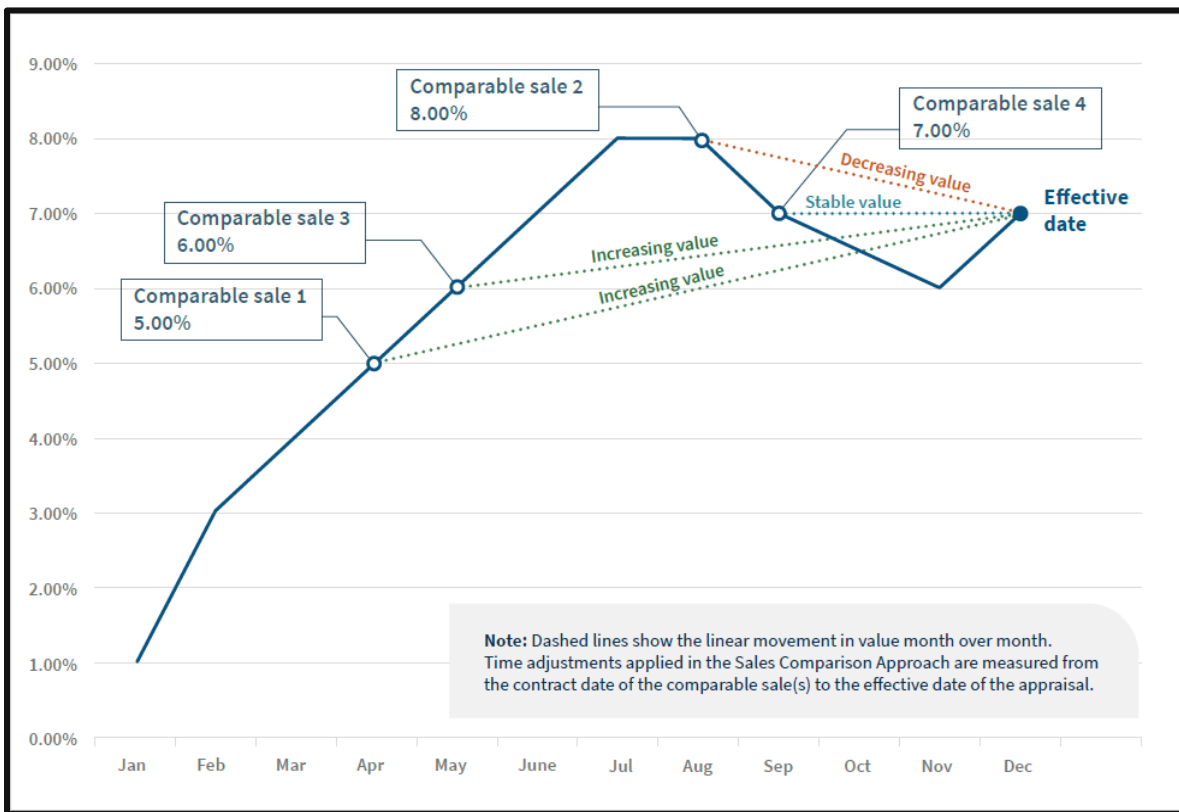
# Market Condition Adjustments

The property value trend in the neighborhood section of the appraisal report has three categories: increasing, stable, and declining. The category chosen by the appraiser may be different than the market condition adjustment(s) applied to a comparable sale(s) in the Sales Comparison Approach. An adjustment made to a comparable sale(s) is based on market changes between the contract date of the comparable sale(s) and the effective date of the appraisal. Depending on when the contract date of the comparable sale(s) occurred, it is possible to have positive, negative, or no adjustments applied to different comparable sales in the same appraisal report.

To illustrate, the chart below shows a hypothetical market in which the overall value trend for a 12-month period increased at a rate of 7%; however, when examining the individual comparable sales price changes, they are not the same as the overall trend. In the illustration, the four comparable sales reflect each of three market categories (increasing, stable, and declining).

Prices have increased since the contract date for comparable sales 1 and 3. Prices have been stable since the contract date of comparable sale 4, and prices have decreased since the contract date for comparable sale 2. Therefore, the data shows a positive market condition adjustment for comparable sales 1 and 3, a negative market condition adjustment to comparable sale 2, and no market condition adjustment for comparable sale 4.

## Market Condition Adjustment Illustration



### Market appreciation overall in last 12 months is 7% (January through December)

- Comparable 1 = 5% increase as of contract date yields an **UPWARD** adjustment of 2%
- Comparable 2 = 8% increase as of contract date yields a **DOWNWARD** adjustment of 1%
- Comparable 3 = 6% increase as of contract date yields an **UPWARD** adjustment of 1%
- Comparable 4 = 7% increase as of contract date yields **NO** adjustment

For more information, refer to *Selling Guide* section B4-1.3-09, [Adjustments to Comparable Sales](#).