



# VALUATION BY MULTI-LINEAR REGRESSION

The Direct Comparison Method was performed by multilinear regression. In this approach the valuation process has been controlled by the valuator (human expert who is experienced in the valuation of real property in the subject's market area) from start to finish. The subject property's data was hand pulled from tax records provided by a third party provider. The sales used in the analysis were chosen by the valuator and are listed below along with the values that the model has predicted for them.

Value by Regression Analysis:	\$178,560
Correlation Coefficient (R <sup>2</sup> ):	97.9%
Confidence Rating of the predicted value:	96.4%

**Property Characteristics not considered in the market model:**

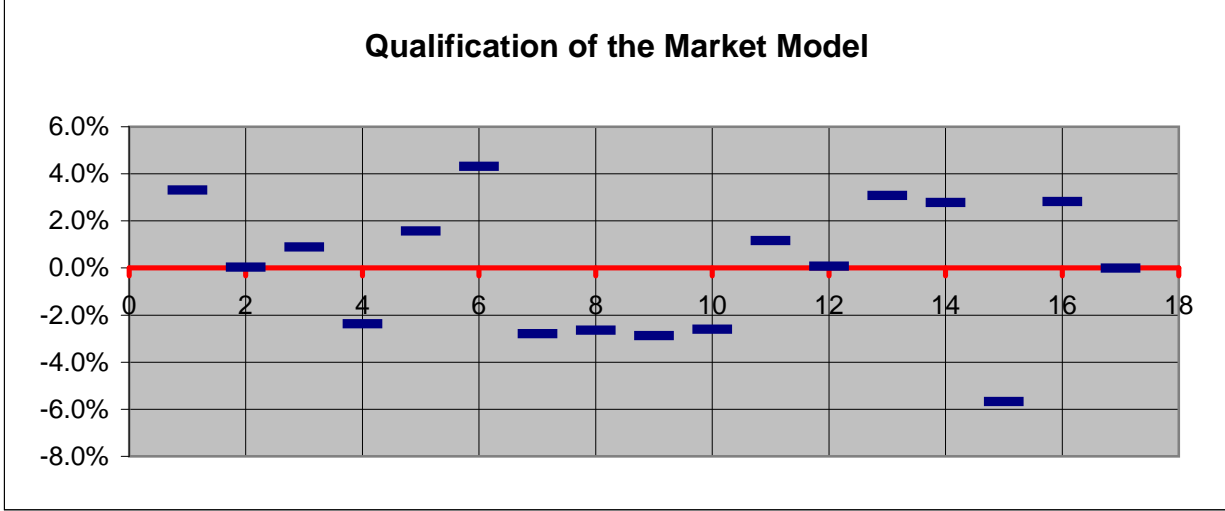
(Factor)	(Comparable rating)	(\$ Adj.)
Other1	Similar	\$0
Other2	Similar	\$0
Other3	Similar	\$0
Other4	Similar	\$0

Net Adjustment (non-quantifiable Factors)	\$0
Total Indicated Value by the Direct Comparison Approach:	\$178,560

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**Final Opinion of Value** **\$180,000 (rounded)**

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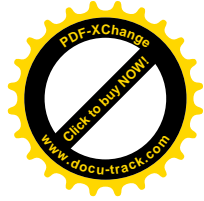
**Explanation of the Confidence Rating**

The closer to 100% the better the confidence rating is. This is not based on R-squared or the standard deviation; it is based on the fit of the model's predicted sales prices to their actual sales prices. In "A Guide to Appraisal Valuation Modeling" by Linne, Kane, and Dell, it states that; "Knowing the model's *average error* is usually more useful to those concerned with the predictive power of a regression-based valuation model because the average error statistic describes the expected error on an *individual* basis whereas R<sup>2</sup> measures the total fit of the equation." In addition, the confidence rating considers the number of sales used in the analysis.

**EXCELLENT (95% to 100%):** This rating means you would expect this model to predict a range of from \$171,000 to \$189,000 for the subject property.

**GOOD (90% to 94.9):** This rating means you would expect this model to predict a range of from \$162,000 to \$198,000 for the subject property.

**ACCEPTABLE (85% to 89.9%):** This rating means you would expect this model to predict a range of from \$153,000 to \$207,000 for the subject property.



**Calculation of the Confidence Rating for this Value Opinion:**

The average of the absolute errors (predicted sales price less the actual sales price for each sale) is 2.3%. This would indicate a confidence rating of 97.7%.

The disbursement pattern is also considered. The rating is penalized for predictions that lie outside of the average of the absolute errors. This lowers the rating to 96.4%.

No penalty for the number of sales is necessary.

**MODEL'S OUTPUT APPLIED TO SUBJECT PROPERTY**

<u>CHARACTERISTICS</u>	<u>VALUE GIVEN</u>	<u>SUBJECTS</u>	<u>VALUE</u>
Main Lev. Sq. Ft.	\$104.93	1,048.0	\$109,962
Age	(\$1,757.28)	5.0	(\$8,786)
Garage Bays	\$10,974.65	1.0	\$10,975
Days Since Sale	\$38.90	1.0	\$39
Intercept	\$66,370.54	1.0	\$66,371

Total indicated value of the subject property based on ML Regression: \$178,559.94

<b>Address of the Sales</b>	<b>Actual SP</b>	<b>Prediction</b>	<b>ABS Difference</b>
6 Calvins Way, Sanford	\$178,266	\$184,155	3.30%
7 Calvins Way, Sanford	\$191,100	\$191,157	0.00%
15 DEVOTION, Sanford	\$170,000	\$171,502	0.90%
35 South Cotswold, Sanford	\$289,900	\$283,016	2.40%
27 Redwood Lane, Sanford	\$230,500	\$234,113	1.60%
1 Ledgewood, Sanford	\$166,000	\$173,155	4.30%
12 Webster, Sanford	\$170,000	\$165,243	2.80%
45 Redwood Lane, Sanford	\$198,600	\$193,351	2.60%
52 Gregory, Sanford	\$145,500	\$141,310	2.90%
10 BEULAH, Sanford	\$170,000	\$165,581	2.60%
4 BEVERLY, Sanford	\$172,000	\$173,992	1.20%
53 Breton, Sanford	\$167,000	\$167,121	0.10%
26 Devotion, Sanford	\$149,000	\$153,576	3.10%
3 Wings, Sanford	\$249,000	\$255,933	2.80%
39 Redwood, Sanford	\$222,000	\$209,407	5.70%
72 Sacapee Rd., Sanford	\$222,000	\$228,265	2.80%
1 WESTERN, Sanford	\$163,000	\$162,988	0.00%