

SALES COMPARISON APPROACH TO VALUE

In the sales comparison approach the subject property is compared to recently sold properties and adjustments are made to the comparable sales for the differences between the subject property and comparable sales. The sales comparison approach is based primarily on the principle of substitution in that a property is worth no more than what a similar property is bought or sold in the market. The sales comparison approach works best on land and residential properties, but is contingent upon the availability of sales. The approach works well in subdivisions, urban and suburban areas, but is less accurate in rural and agricultural areas where sales are generally less frequent. Gaston County for this reason primarily uses the market backed cost approach in that it is consistent and can be used on all properties. The sales comparison approach is a secondary or back up approach to value.

In order for the sales comparison approach to work properly, valid sales must be used. The sales must meet the definition of market value listed in the North Carolina Machinery Act. Sales also need to be as comparable as possible to the subject property and hopefully located close in proximity to the subject property.

After the sales are selected adjustments may need to be made to the comparable sales. The first adjustment is for time of sale, adjusting to the date of the appraisal. Next would be adjustments for land and location. The following adjustments would be for any variation in the differences between the subject property and the comparable sales. The final process is to analyze the adjusted indicated value of the comparable sales and select the appropriate value of the subject property.

Modeling Summary

For the 2023 Revaluation, Gaston County will utilize SpatialEst based property appraisal software toolset for sales analysis and property comparison. This will analyze Gaston County property sales and extract information such as: Size, House Quality, Condition, and other key value drivers, to predict the values of properties. There are two methods used for this process: (1) Multiple Regression Analysis and (2) Comparable Sales Method. These methods can be used independently or in combination with each other.

This program, while used as a tool to assist the appraiser in conducting the county-wide mass appraisal, is best used in subdivisions, cities, or densely developed areas.

- (1) Multiple Regression Analysis:** A statistical technique that will use market sales to extract the contributory value of different property characteristics such as: Area, House Quality and Condition, to predict a value. The regression will analyze data in order to predict the value of one variable (the dependent variable) from known values of one or more other variables (the independent variables). This process will then be compared to

the market backed cost approach as a comparison tool. Anything falling outside a 10% range will be analyzed for a second time.

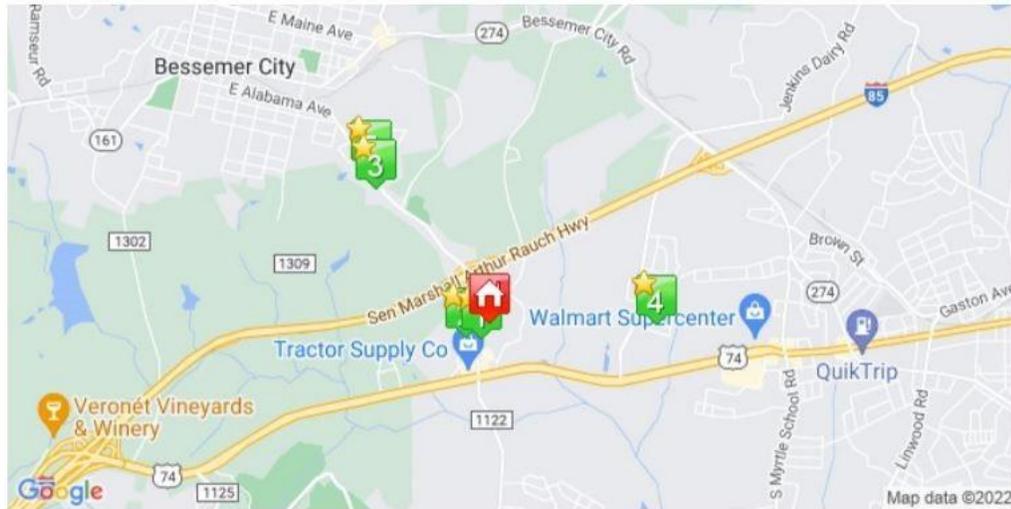
- (2) Comparable Sales Method:** This method uses the similarity and proximity of sales and compares them to a subject property. Adjustments for the differences are then made and a market value is predicted. The differences can be adjusted from the sales prices of the comparable properties. The comparable model is set up with adjustment standards or can be adjusted by the appraiser.
- The software allows the user to work with Gaston County data spatially making it easier to identify and illustrate sales patterns, property type groupings and other relevant factors that lead to accurate and equitable valuations.

Schedule of Values

Gaston County 2023

See below for an example of comparable report.

**1517 EDGEWOOD RD
153026**



Grid Estimate:	Subject	Comp #1	Comp #2	Comp #3
N/A (None) Min: \$147,909 Max: \$217,593				
Address	1517 EDGEWOOD RD	104 DELMONT CT	138 BRIGHT AVE	315 MCCALL DR
ID	153026	153021	152993	152662
Sale Price/Date	\$79,000 / 03/28/2013	\$160,000 / 05/06/2022	\$212,000 / 03/23/2022	\$195,000 / 12/09/2021
NBHD Name	Edgewood Acres	Edgewood Acres	Edgewood Acres	McCall Drive
Distance	-	562 ft	914 ft	1.08 miles
Sale Price	79,000	160,000	212,000	195,000
Sale Date	03/28/2013	05/06/2022	03/23/2022	12/09/2021
NBHD Name	Edgewood Acres	Edgewood Acres	Edgewood Acres	McCall Drive
Land Value	\$18,000	\$18,000	\$18,000	\$13,500
Year Built	1973	1970	1969	1965
Main Area	1,176 SqFt	1,416 SqFt	1,416 SqFt	1,302 SqFt
Tot.Fin. Basement	0 SqFt	0 SqFt	0 SqFt	0 SqFt
Tot.Unfin. Basement	0 SqFt	0 SqFt	0 SqFt	0 SqFt
Full Baths	1	1	2	1
Half Baths	1	1	0	1
Fireplaces	0	1	1	0
Quality	C	C	C	C
Garage Area	0 SqFt	0 SqFt	0 SqFt	0 SqFt
Outbuildings	\$6,015	\$5,606	\$5,198	\$7,072
Imprv. Factor	1.1	1.1	1.1	1
Total Adjustment		Net:-8% Gross:16% \$-12,091	Net:-6% Gross:19% \$-11,983	Net:12% Gross:23% \$22,593
Adjusted Sale Price		\$ 147,909	\$ 200,017	\$ 217,593

Schedule of Values

Gaston County 2023

	Subject	Comp #4		Comp #5	
Grid Estimate:	N/A (None)				
Min:	\$147,909				
Max:	\$217,593				
Address	1517 EDGEWOOD RD	3036 MARIGOLD LN		904 EDGEWOOD RD	
ID	153026	102573		152648	
Sale Price/Date	\$79,000 / 03/28/2013	\$169,000 / 08/23/2021		\$155,000 / 02/03/2022	
NBHD Name	Edgewood Acres	Spring Valley		McCall Drive	
Distance	-	1.02 miles		1.19 miles	
Sale Price	79,000	169,000	\$0	155,000	\$0
Sale Date	03/28/2013	08/23/2021	\$12,700	02/03/2022	\$7,750
NBHD Name	Edgewood Acres	Spring Valley	\$0	McCall Drive	\$0
Land Value	\$18,000	\$15,000	\$3,000	\$13,500	\$4,500
Year Built	1973	1974	\$0	1964	\$0
Main Area	1,176 SqFt	1,000 SqFt	\$13,550	1,300 SqFt	\$-9,550
Tot.Fin. Basement	0 SqFt	500 SqFt	\$-16,500	0 SqFt	\$0
Tot.Unfin. Basement	0 SqFt	0 SqFt	\$0	0 SqFt	\$0
Full Baths	1	1	\$0	1	\$0
Half Baths	1	0	\$4,000	0	\$4,000
Fireplaces	0	0	\$0	0	\$0
Quality	C	C	\$0	C	\$0
Garage Area	0 SqFt	0 SqFt	\$0	0 SqFt	\$0
Outbuildings	\$6,015	\$3,746	\$2,269	\$138	\$5,877
Imprv. Factor	1.1	1.1	\$0	1	\$14,150
Total Adjustment		Net:11% Gross:31% \$19,019		Net:17% Gross:30% \$26,727	
Adjusted Sale Price		\$ 188,019		\$ 181,727	