

# Table of Contents

---

<b>Overview</b> .....	vii
-----------------------	-----

<b>Course Schedule</b> .....	xiii
------------------------------	------

## **SECTION 1**

### **Part 1. Online Session: Math Review and Math Preparation for Course**

Preview Part 1 .....	1
Introduction .....	3
Reading and Practice Problem Assignment .....	5
Math Review Exam .....	9
Review Part 1 .....	15

### **Part 2. Online Session: Introduction to the Analysis ToolPak and Excel Data Analysis Demonstration**

Preview Part 2 .....	17
Introduction .....	19
Activating the <b>Analysis ToolPak</b> in Excel 2010 .....	19
Running a Regression in Excel .....	23
Review Part 2 .....	37

## **SECTION 2**

### **Part 3. Introduction: Why Should Real Estate Appraisers Care about Statistics?**

Preview Part 3 .....	39
Course Introduction .....	41
Online Session: Multiple Regression Model .....	41
Developing an Opinion of Value .....	46
How Could the Information We Developed in the Online Session Augment the Valuation Process? .....	49
How and Why Might Clients Value Statistical Analyses by Appraisers? .....	49
Why Should Real Estate Appraisers Care about Statistics? .....	51
Review Part 3 .....	53

## **Part 4. Basic Measures: Central Tendency, Dispersion, and Symmetry**

Preview Part 4.....	55
Central Tendency.....	59
Three Basic Measures of Central Tendency (Three Kinds of Averages).....	59
Simple Mean v. Weighted Mean.....	67
Samples and Populations.....	69
The Standard Deviation.....	70
The Coefficient of Variation (COV).....	75
Range and Interquartile Range.....	76
Box and Whisker Plots (One Reason We Care about Quartiles).....	80
Analyzing Shape.....	87
Review Part 4.....	91

## **SECTION 3**

### **Part 5. Data Distributions**

Preview Part 5.....	93
Probability.....	95
Conditional Probability.....	96
Subjective Probability.....	98
Probability Density Functions.....	102
The Uniform Probability Density Function.....	103
The Normal Probability Density Function.....	105
Assessing Normality.....	109
The Central Limit Theorem.....	117
Nonparametric Statistics.....	121
Review Part 5.....	123

### **Part 6. Research Design**

Preview Part 6.....	125
The Statistical Research Design Process.....	127
Construct a Research Hypothesis and Related Pair of Statistical Hypotheses.....	130
Research Validity.....	133
Reliability.....	135
Credibility.....	136
Probability (Scientific) and Nonprobability Samples.....	140
Probability Sampling Methods.....	141
Controlling Sampling Error.....	144
Review Part 6.....	145
PRACTICE TEST SECTIONS 2 AND 3.....	147

## SECTION 4

### Part 7. Charting Basics: Trendlines and Charts

Preview Part 7 .....	155
Ordered Arrays, Frequency Distributions, and Histograms .....	159
Converting a Frequency Distribution Table into a Percentage Distribution Table and Creating a Percentage Histogram .....	168
Using Polygons to Compare Multiple Percentage Distributions.....	169
Summary Tables, Contingency Summary Tables, Bar Charts, and Pie Charts ...	173
Charting Time Series Data .....	176
Using Scatter Plots to Illustrate Correlation and to Plot a Trendline.....	183
Charting Ideals and Ethical Issues in Charting .....	187
Review Part 7.....	191

## SECTION 5

### Part 8. Simple Linear Regression

Preview Part 8.....	193
Simple Linear Equations .....	197
How Does a Regression Model “Think”? .....	199
Assumptions Underlying Simple Linear Regression and How They Relate to Inference.....	210
Interpreting Regression Model <i>t</i> Statistics .....	216
Sample Size Issue Related to Simple Linear Regression .....	220
Predicting with a Simple Linear Regression Model and Development of Confidence Intervals .....	220
Regression Error Patterns Indicating Violations of the Assumptions Underlying a Linear Regression Model .....	227
Review Part 8.....	235
PRACTICE TEST SECTIONS 4 AND 5.....	237

## SECTION 6

### Part 9. Trends and Forecasts

Preview Part 9.....	243
Time Series Data .....	245
Approaches to Modeling Time Series Data .....	245
Simple Linear Time Series Model .....	246
Curvilinear Time Series .....	252
Distance (Proximity) Effects.....	263
Causal Time Series .....	266
Review Part 9.....	271

## SECTION 7

### Part 10. Multiple Linear Regression: Part I

Preview Part 10.....	273
Multiple Linear Equations.....	275
Underlying Assumptions and Tests of Significance .....	277
Curves in Multiple Linear Regression .....	281
Some Model Building Issues .....	287
Overfitting and Omitted Variables.....	302
Review Part 10.....	305
PRACTICE TEST SECTIONS 6 and 7.....	307

## SECTION 8

### Part 11. Multiple Linear Regression: Part II

Preview Part 11.....	313
Indicator Variables.....	315
Interaction Variables.....	325
Using Dummy Variables to Account for Market Conditions in Panel Data .....	335
Review Part 11.....	345

## SECTION 9

### Part 12. Multiple Linear Regression Case Study

PRACTICE TEST SECTION 8 .....	347
Preview Part 12.....	351
Multiple Linear Regression Case Study .....	353
Review Part 12.....	365

### Part 13. Exam Content Review

Basic Information for the Exam.....	367
Guidance on Studying for the Final Exam.....	367
Guidance on Taking the Final Exam .....	367
Test-Taking Strategies .....	367
Content Review: Course Objectives and Terms and Concepts to Remember ....	368
Review Quiz .....	379

## APPENDIX

Commercial Green and Energy-Efficient Addendum
Residential Green and Energy-Efficient Addendum

# Overview

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## Course Description

*Quantitative Analysis* limits its focus to the practical application of quantitative tools for analyzing data, drawing appropriate conclusions from datasets, and presenting both the analysis and conclusions in ways that enhance communication with appraisal clients. It reviews and furthers the application of some of the basic statistical measures (mean, median, mode, standard deviation, etc.) and spends a good deal of time on linear regression analysis for use in producing and understanding various types of analyses. Central goals of the course are showing participants how to understand the reliability and validity of all data used to draw conclusions and providing the knowledge needed to check the validity of the conclusions others may draw from the same or similar datasets. Each presentation and activity demonstrates real-world appraisal applications and is aimed at furthering an appraiser's ability to provide credible analysis of issues related to real property. The goals for the course are to help participants

- Properly apply and explain statistical methods, such as simple and multiple linear regression analysis, using market information
- Understand and critique statistical applications
- Understand how to incorporate statistical analysis in valuation reports
- Understand how to evaluate the reliability of various types of data used in valuation
- Build competence in using the language of quantitative analysis
- Use graphs to present data and analysis
- Understand research design issues such as hypothesis construction, data reliability and validity, and sampling

This course is one of a series of courses that are part of the Appraisal Institute's Analytics for Valuation Professional Development Program. For more information about the program, see Professional Development Programs on the Appraisal Institute website at [www.appraisalinstitute.org](http://www.appraisalinstitute.org).

## Important Notes

- **Diagnostic Test Prerequisite.** To successfully complete courses in the advanced education curriculum, it is important that participants have basic spreadsheet skills. Therefore, before enrolling in an advanced education course, each participant is required to pass a diagnostic test to demonstrate his or her skill level in creating and working with spreadsheets.

- **Blended Learning.** Each course in the advanced curriculum incorporates both online and live classroom learning. A two-hour Online Session begins the course. While the content for each course is different, these Online Sessions all incorporate discussion and examples, and require participants to complete various tasks. By completing the Online Session, participants will have a better understanding of what to expect in the live classroom sessions that will follow. If the tasks are difficult, participants will have time to review and prepare before the live portion of the course begins. Tasks will not be graded; however, they must be completed to successfully pass the course. The Online Session, which goes live 28 days before the classroom session begins, must be completed **BEFORE** the classroom session begins.
- **Excel Datasets.** This course incorporates a variety of interactive learning activities, including Excel datasets. Participants are required to download the necessary Excel files while completing the Online Session so that they have them when they begin the classroom portion of the course.
- The Excel datasets for *Quantitative Analysis* may be used during the course as an aid in problem solving but also have real-world applications outside the course. Many have embedded calculations; these are for simplicity but should not be used as a crutch. It is essential that participants understand the logical and mechanical operations associated with the Excel files and not just obtain the right answer.

## Learning Enhancements

The course has been designed with a variety of elements to enhance your learning experience.

- **Preview.** To give you a taste of what is to come, each part begins with a preview page that includes a brief overview of the content, learning objectives to consider as you move through the content, and learning tips that will assist you in understanding the information you're about to cover.
- **Learning Objectives.** Each learning objective covers essential information for understanding the concepts in the course. Look them over before the part begins so that you have a frame of reference as you move through the material. At the end of each part, reread the objectives. Are you able to do what is stated? If not, this is the time to ask your instructor for help or review the concepts that you do not understand.
- **Examples and Problems.** To supplement the discussions, we've included examples and exercises to help you visualize and practice what you are learning.
- **Review.** Each part concludes with a review, which includes the learning objectives and key terms and concepts that have been covered. Also, we've provided recommended readings and additional practice problems from the course

textbook, *An Introduction to Statistics for Appraisers*, which will reinforce what you have learned in class.

- **Practice Tests.** Practice tests are included throughout the course. The questions are similar to the types of questions you might find on the exam. By answering these questions, you will find out whether you can apply the concepts covered.

## Classroom Guidelines

To make the course a positive experience for everyone attending, we have some guidelines for your consideration:

- 100% attendance is required. No exceptions.
- Limit use of computers and wireless devices to classroom projects.
- Communicate with business associates during break time instead of class time.
- Put away reading materials such as newspapers and books that are not used in class.
- Silence cell phones.
- Use recording devices only if prior permission has been granted.
- Refrain from ongoing conversations with those seated near you and other distracting behavior.

## General Information

- **Calculators.** A financial calculator is required. The accepted model used in the course is the HP-12C. **Important Note:** Laptops, cellular phones, tablets, iPads, wearable technology (smart watch, Apple Watch, Google Glass, etc.) and other devices that can store data or connect to the Internet are **NOT** permitted during the exam. In addition, all watches, wallets, bags, and purses must be removed and stored out of reach prior to taking the exam.
- **Laptop computers.** A laptop computer is required.
- **Spreadsheet program. Excel 2010** is required.
- **Breaks.** There will be two 10-minute breaks during the morning session and two 10-minute breaks during the afternoon session unless noted otherwise by the course sponsor. The lunch break is one hour.
- **Attendance sheets** will be distributed during class to verify your attendance during the morning and afternoon sessions.

- **Certificates of completion** will be e-mailed after completion of the course, and attendance during the entire course is required.

## Required Text

- Wolverton, Marvin L., Ph.D., MAI. *An Introduction to Statistics for Appraisers*. Chicago: Appraisal Institute, 2009. (See errata list on the following page.)

## Recommended Text

- *The Dictionary of Real Estate Appraisal*, 6th ed., Chicago: Appraisal Institute, 2015.

## Prerequisites

### Required

- *Advanced Education Diagnostic Test*

### Recommended

- *Real Estate Finance, Statistics, and Valuation Modeling*
- *Using Spreadsheet Programs in Real Estate Appraisals—The Basics* or similar course/seminar

## Exam

- 40 multiple-choice questions
- Please remember all laptops, cellular phones, tablets, iPads, wearable technology (smart watch, Apple Watch, Google Glass, etc.) and other devices that can store data or connect to the Internet are **NOT** permitted during the exam. In addition, all watches, wallets, bags, and purses must be removed and stored out of reach prior to taking the exam.



## Errata: An introduction to Statistics for Appraisers

**Page 80.** The second sentence in the first paragraph in the **Variance and Standard Deviation** section states

The population standard deviation is the mean of the deviations of all elements of the population.

**CORRECTION:**

The population variance is the mean of the squared deviations of all elements of the population.

**Page 162.** The second string of equations has a misplaced decimal point in the denominator. It says “0.44<sup>2</sup>” and it should say “0.044<sup>2</sup>.” The corrected string of equations is

$$n = \frac{Z^2 p(p-1)}{e^2} = \frac{1.96^2 \cdot 0.50(1-0.50)}{0.044^2} = 496$$

**Page 179.** The first line of the first sentence in the **Using the t Statistic to Test Hypotheses about the Mean** section includes a typographical error. The word “vancy” should be “vacancy.”

**Page 271.** The equations for mean square prediction error and mean absolute prediction error are written incorrectly. They should be written as follows:

$$\text{Mean Square Prediction Error} = \frac{\sum_{i=1}^{n'} (y_i - \hat{y}_i)^2}{n'}$$

$$\text{Mean Absolute Prediction Error} = \frac{\sum_{i=1}^{n'} |y_i - \hat{y}_i|}{n'}$$

**Page 296.** The first string of equations on this page is missing a 1. It should read as follows:

$$R^2 = 1 - \frac{SSE}{SST} = 1 - \frac{3.81E10}{2.33E11} = 1 - \frac{3.81}{23.3} = 1 - 0.164 = 0.836$$

**Page 349.** The answer to Question 10 in Problems 2.1 is written as “-xyzt.” The correct answer is “-yzt<sup>2</sup>.”

**Page 370:** The term “covariance” should be “coefficient of variation.” Formula is correct.