

## RAPID RESPONSE: MARKET ANALYSIS IN VOLATILE MARKETS

### Online Syllabus

#### Module 1: Definitions and Causes of Change in Supply and Demand

- Definitions
  - Neighborhood
  - Market
  - Volatile market
  - Supply
  - Demand
  - Housing supply and demand in appraisal vernacular
  - Effective demand
- Changes in Housing Supply
- Possible Causes of a Volatile Real Estate Market

#### Module 2: Why Does an Appraiser Care about Market Analysis?

- Should an Appraiser Know Whether There Is a Market for the Subject?
  - Neighborhood Description
  - Support for the Highest and Best Use as Though Vacant
  - Support the Highest and Best Use as Improved.
  - Support for the Market Acceptability of the Design, Floor Plans, etc.
  - Support for the Comparability of the Sales Used in Sales Comparison
  - Support for the Reconciliation Process
  - Support for Market Conditions Adjustments
  - Support for a Capitalization Rates (GRM)
- Market Analysis Can Assist Clients in the Decision-Making Process
- Does USPAP Require Appraisers to Perform a Market Analysis as Part of the Appraisal Process?

#### Module 3: Market Analysis Methodologies, Research Techniques, and Flaws

- Market Analysis Methodologies
- The Most Probable Buyer
- Tracking Mean or Median Sale Prices
  - Using Price as a Parameter
  - Tracking the Mean or Median Prices for the Entire Market
  - Active Listings vs. Sales in the Last Year
  - Misleading Statistics
  - Sale and Resale of the Same Property
  - Building Permits
- Application on Residential Forms
  - Neighborhood Section
  - Sales Comparison Section

#### **Module 4: Preset Market Analysis Reports from MLS Systems**

- Market Analysis Reports from MLS Systems: Manually Created or Preset
- Charts, Graphs, and Reports
  - Outlining the Neighborhood
  - Average Days on Market (ADOM) for Sold Listings—manual
  - Average Days on Market vs. Median List Price—preset
  - Historic Count of Active Listings—manual
  - Historic Count of Sold Listings—preset—2 years
  - Month-by-Month Sales Volume—manual
  - Number of Pending Listings—preset
  - Historic Sales Graphed in Price Ranges—preset—5 years
  - Historic Sales Price Trend—manual
  - List Price to Sale Price Ratios over Time—manual
  - Sale Price to List Price—preset
  - Inventory Summary Report

#### **Module 5: Published Reports**

- Over-Aggregation
- National Association of REALTORS® Market Data
  - Existing Home Sales Data
  - Thematic Map at the NAR website
  - National Association of REALTORS® (NAR) Reports and Data
- Statewide Data from State Associations of REALTORS®
  - Statewide Report—New Listings
  - Pending Sales rates
  - Closed Sales month-by-month
  - Statewide report—Median sale price
  - Statewide report—Mean sale price for the entire state
- The Federal Housing Finance Agency (FHFA)
  - House Price Index on the FHFA home page
  - Quarterly Report
- S&P CoreLogic Case-Shiller Home Price Index
- U.S. Census Bureau

#### **Module 6: Case Studies**

- Residential Market Analysis Case Study I - Bed and Breakfast or Single-Unit Residence?
- Residential Market Analysis Case Study II – Data Inferences
- Residential Market Analysis Case Study III – Depth of Market
- Residential Market Analysis Case Study IV – Is it Residential or Commercial?
- Residential Market Analysis Case Study V – Subdivision Analysis