

Weighted estimate based on the adjusted sales prices and distance points:

Actual Sales Price is the sales price for the transfer.

Weighted estimate is based on the adjusted sales prices and distance points. The complete formula is:
Computation of Weighted Estimate. Number.

A weighted estimate is computed from the adjusted sales by computing the following weight for each sale; or normalizing the weights so that they total 1 and then totaling the adjusted sales weighted by the adjusted weights.

The weighted estimate is computed as follows:

$$1/W_i = (M/2)^2 + D_i^2 + (2M \times P_i)^2$$

where:

W_i is the weight for the i th sale

M is the maximum (acceptable) "comparability distance"

D_i is the actual "comparability distance" between the i th sale and subject,

And P_i is the percentage adjustment to the i th sale.

If we view this as an inverse weighting by the expected error in the estimate (each adjusted sale is an estimate of the market value of the subject property), we see that this measure assumes an inherent error in the estimate in the $(M/2)$ squared. The other terms represent the error due to non-comparability (D_i) squared, and excessive adjustments $(2MP_i)$ squared. Based on these factors, a 50% adjustment carries the same weight as a comparability distance of M (the maximum comparability distance). As an example, consider the following case where $M = 100$. From this example, it is clear that much more weight is placed on the sale for which the distance is small and little or no adjustment is required.