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 ith sale

\( M \) is the maximum (acceptable) “comparability distance”

\( D_i \) is the actual “comparability distance” between the ith sale and subject,

And \( P_i \) is the percentage adjustment to the ith 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 \((M/2)^2\) squared. The other terms represent the error due to non-comparability \((D_i)^2\) squared, and excessive adjustments \((2MP_i)^2\) 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.