What is a Time Adjustment or a Time Adjusted Sale Price?

A **time adjustment** is an important tool used in real estate appraisal to account for changes in the market conditions between the date of a comparable sale and the date of the appraisal. By accounting for inflation or deflation of local real estate, appraisers can ensure that the appraised value of a property reflects the most current market conditions.

For assessment purposes, 2025 and 2026 values are based on an appraisal date of 6/30/2024. Sales that occurred before this date must be adjusted to reflect the market conditions on the appraisal date per Colorado State Statute § 39-1-104 (10.2).

To perform a time adjustment, the appraiser calculates the number of months that have elapsed between the sale date of the comparable property and the appraisal date. The appraiser then researches the local real estate market to determine the percentage change in property values over the past months. This can be done using various methods such as the paired sales analysis, repeat sales analysis, Indexing, and local appraisal opinion. In assessor offices, the most common method used is sale ratio trend analysis (also known as linear regression) due to its high reliability and accuracy with large data sets.

If the appraiser determines that the local real estate market has appreciated or depreciated, they will apply that percentage to the sales price of the comparable property to account for the change in market conditions. This adjusted value is then used in the sales comparison approach to estimate the market value of all comparable properties.

For 2025, the real estate market showed appreciation in most markets during the time period. Therefore, comparable sales have been adjusted **upward** to reflect the market conditions on the appraisal date.

For example, if a property sold in July of 2023 for \$300,000, and property values in the local market have increased by 25% since that time, the appraiser would adjust the sales price of the comparable property by +25% to arrive at a **Time Adjusted Sale Price (TASP)** of \$375,000.

The following is a theoretical example of a home that sold multiple times during the time period, with no changes to the property between each sale. The first sale occurred in 2022 for \$1,375,000. The same home sold two more times indicating significant price appreciation in the market, finally selling for \$2,340,000 in June of 2024. If either of the first two sales were used to value other properties without adjusting for market changes, the indication of value as of 6/30/2024 would be greatly underestimated.



Time adjustments are important in real estate appraisal because they help ensure that the appraiser is using the most accurate and up-to-date information when determining the value of a property. By adjusting for changes in the real estate market over time, the appraiser can provide a more accurate estimate of property values.

The chart below contains actual sales data from the local Multiple Listing Service (MLS), showing price appreciation during the time period. This example is typical of most markets within Garfield County.



All Garfield County Residential Sales- MLS Data on June 30, 2024

The following chart from the Colorado Association of Realtors (CAR) shows price appreciation over the past few years <u>within Garfield County</u>, in contrast to prices stabilizing on a statewide level.



All Garfield County- CAR Report using MLS Data for June 2024