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Sales Comparison Approach Indicating Heterogeneity of Particular Type of Real Estate and Corresponding Valuation Accuracy

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The article focuses on heterogeneity of goods, namely real estate and consequently deals with market valuation accuracy. The heterogeneity of real estate property is, in particular, that every unit is unique in terms of its construction, condition, financing and mainly location and thus assessing the value must necessarily be difficult. This research also indicates the rate of efficiency of markets across the types based on their level of variability.
The research is based on two databases consisting of various types of real estate with specific market parameters. These parameters determine the differences across the types and reveal heterogeneity. The first database has been set on valuations by sales comparison approach and the second one on data of real properties offered on the market. The methodology is based on univariate and multivariate statistics of key variables of those databases. The multivariate analysis is performed by Hotelling T^2 control chart and statistics with appropriate numerical characteristics. The results of both databases were joint by weights with regard to the dependence criterion of the variables. The final results indicate potential valuation accuracy across the types.
The main contribution of the research is that the evaluation was not only derived from the price deviation or distribution, but it also draws from causes of real property heterogeneity as a whole.

Keywords: sales comparison approach, heterogeneity, price adjustment, real estate, Hotelling T^2 control chart, valuation accuracy, offering

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