



Rural Valuation Topic #RVT 6: Comparable Sale v. Sale

Comparables or Comparable Sale: Comparable is defined as “a shortened term for similar property sales, rentals, or operating expenses used for comparison in the valuation process. In best usage, the thing being compared should be specified, e.g., comparable sales, comparable properties, comparable rents”¹.

Comparable is a common term within the urban valuation industry. Most users of valuation services such as judges, juries, attorneys, or private citizens perceive that to be an “identical” property.

In rural valuation, sales are generally less frequent with a lower degree of uniformity than may be found in urban markets. Sales often vary widely in the degree of property rights and/or physical and economical differences, and may have multiple components (land rights or property rights) within the whole (*permanent plantings, pasture, dry cropland, irrigated, state and federal grazing permits, encumbrances [rights-of-way for powerlines, pipelines, or roads], site pads [wind, solar, substations, etc.], encroachments, etc., or multiple building sites each with differing structural mixes*), and frequently located in mixed moisture areas. Thus, a “sale”

- may be highly similar to the subject property (comparable sale), or;
- may be located in a less active market and possess a low degree of similarity --- but may be the only or the most recent sale(s) available consequently leaving the determination of “degree of comparability” to the appraiser. Thus, that property conveyance may best be described as a “sale”.

ASFMRA Recommendations: Rural sales require analysis, judgement, and definition as to the “degree of comparability”. The result involves assessment of divergent market characteristics with multiple, and often unrelated, buyer motivations. Appraisers in some consistent markets may be able to use the term “comparable sale”. In low volume and geographically dispersed markets --- the term “sales” may be more appropriate.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed., (Chicago: AI 2015, p.42-43)