

APPRAISAL METHODS FOR THE U.S. HOUSING MARKET

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ABSTRACT

We propose an ideal real estate appraisal procedure that would eliminate biases that exist in traditional appraisal methods. Throughout the exposition, the type of real estate we have in mind is residential property, and so we use the sales comparisons method. We treat appraisal as a simple form of signal extraction problem, taking into account informational constraints that are present. We treat the issue using filtering theory and discuss the recent advances in nonlinear filtering theory that enable one to treat the complicated circumstances characterizing the appraisal of property.

Keywords: *real estate appraisal, filtering, signal extraction*