

- 1) The Appraisal Process
- 2) Approaches to Value
- 3) Definition of Market Value

Appraisal Process

- 1) Define the Problem
 - What is being valued?
 - What type of value?
 - When?
- 2) Subject Property Analysis:
 - Collecting data
 - Determination of H.B.U.
 - Estimate value of land.
- 3) Apply the three approaches to value
 - Sales comparison
 - Cost
 - Income
- 4) Reconcile the Approaches
- 5) Report Declared Value

Approaches to Value

- Sales comparison approach
 - Subject property's value should be close to that of similar properties that have recently sold
 - Adjusting for differences
- Cost Approach
 - Value cannot depart too far from the cost of construction.
- Income Approach
 - Value should be related to the CFs an investor would receive

Results vs. Process

Definition of Value

- Market value