



THREE ESSENTIAL WAYS TO VALUE REAL ESTATE

1. Cost Approach

- ↳ 3 substantial parts that need to be taken into consideration.
 - ∞ Value of the land
 - ∞ Value of improvements to the land
 - ∞ Figure the accrued depreciation of the improvements and subtract depreciation of the improvements and land



2. Income Approach

- ↳ The value a property produces determines its value.
 - ∞ Gross Rent Multiplier
 - ↳ Takes the gross rent annually *gross rent multiplier.
 - Call a commercial real estate firm in your city to figure out the number.
 - Take the gross annual rent *gross rent multiplier in area.
 - ∞ Capitalization Rate
 - First figure what the percentage rate is in your city by calling a commercial real estate firm.
 - Then divide the Net Operating Income by the percentage rate.

3. Market Comparison Approach

- ↳ Uses comparable properties to compare & contrast a specific one in order to find its value.