



APPROACHES TO VALUE:

The ultimate goal of the valuation process is a well supported value conclusion that reflects the factors that influence the value of the property being appraised. The appraiser studies a property from three different viewpoints, which correspond to the following traditional approaches to value.

Cost Approach- The current cost of reproducing or replacing the improvements, minus the loss in value from all forms of depreciation, plus site value.

Direct Sales Comparison Approach- The value indicated by recent sales of comparable properties in the market.

Income Approach- The value of the earning power of the property based on the capitalization of its income.

One or more of the approaches may not be appropriate for a particular property, or may be less reliable due to the nature of the property, the needs of the client, or the data available. The appraiser forms a value conclusion based on the market research, analysis performed, and the application of the various approaches.