chapter (10):- valuation of income properting.

* valuation fundmentals:- (Market value).

1. Buyer and seller motivated.
2. parties are well-informed and well-advice.
3. ~~Reasonale~~ Reasonable time in the Market.
4. Payment in cash or equivalent of cash.

* Appraisal process:-
1. Physical and legal identification.
2. identify property rights to be valued.
3. Specified the purpose of the Appraisal.
4. specified effective date of value estimate.
5. gather and analyze market data.
6. Apply techiques to estimate value.

* Appraisal techniques (Approach):-
1. Sales comperision approach.
2. income capitalization approach.
3. Cost approach.

* method of: income Approach:-
1. Gross income multipliers.
2. Direct capitalization method.
3. discount PV method.

* Ex:-

	NOI	growth:-
1	338,800	—
2	355,740	5% $\Rightarrow \frac{355,740-338,800}{338,800}$
3	373,527	5%
4	388,468	4%
5	404,007	4%

Required Rate = 10%

* Revision value of Resale price $= \frac{\text{Non-operating income}}{R-g}$

$$= \frac{404,007}{10\%-4\%} = \boxed{6,733,450}$$

Ex: a property has projected year one net operating income of 200,000, net operating income is projected ~~by~~ to grow by 4% per year, then by 2% per year, for the subsituant 2 year at 1% constant.
given a requiral Return of 13%, What is the value of the property?

C_1 200,000

C_2 $(200,000)(1+4\%) = 208,000$

C_3 $(208,000)(1+4\%) = 216,320.$

C_4 $(216,320)(1+2\%) = 220,646.$

C_5 $(220,646)(1+2\%) = 225,059.$

C_6 $(225,059)(1+1\%) = 227,309.$

* Terminal value $= \frac{NOI_6}{r-g} = \frac{227,309}{13\% - 1\%} = \boxed{1,894,241.}$

More

Edit

مهم للفاينل بيجي سؤال تشبه عليه

* $Gim = \dfrac{\text{Sales price}}{\text{Gross income}}$

* Ex:-

	1	2	3
Sales price	600,000 ÷	750,000 ÷	450,000 ÷
Gross income	100,000	128,000	74,000
Gim	6	5.86	6.08

→ Range = 5.86 = 6.08 ← أقل رقم وأعلى رقم.

* Price estimate value = Gim x Gross income.

6 x 100,000 = 600,000

② Direct capitalization Method:-

* $\text{capitalization Rate} = \dfrac{\text{Net operating income}}{\text{sale Price}}$

* Ex:-

	1	2	3	4
NOI	50,000 ÷	56,100 ÷	42,700 ÷	68,600 ÷
sales price	368,500	425,000	310,000	500,000
	13.57 %	13.20 %	13.77 %	13.72 %

← نقسم الجواب ع 100.

13.20 → 13.77

* price estimate value = $\dfrac{NOI}{Rate}$.

* NOI = Rate x sales price value.