

Appraised Value Concepts

Value in exchange: The Direct Sales comparison Approach.

Value in Use: Income Capitalization Approach

Cost to Create: The Cost Approach

Reconciliation

Which value is most important?

Value in Exchange for homogeneous, heavily traded products

Value in Use for properties that produce income for owners

Cost to Create for Special Property properties

Value in Exchange:

	Sale 1	Sale 2	Sale 3
Attribute 1	0	+	-
Attribute 2	+	0	0
Attribute 3	-	0	+
Indicated Value			

Value in Use

Value = Present Worth of Future Benefits

Direct Capitalization

Discounted Cash Flow Analysis

Cost to Create:

Cost to Build New (Hard and Soft)
- Accrued Depreciation
Depreciated Cost
+ Land Value at Highest and Best Use
Indicated Value