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| Valuation Methodology |

Three Approaches to Value

There are three traditional approaches typically available to develop indications of real property value: the Cost, Sales Comparison, and Income Capitalization Approaches.

Cost Approach

The Cost Approach is based upon the principle that a prudent purchaser would pay no more for a property than the cost to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or proposed, or when the improvements are so specialized that there are too few comparable sales to develop a credible Sales Comparison Approach analysis.

Sales Comparison Approach

In the Sales Comparison Approach, the appraiser analyzes sales and listings of similar properties, adjusting for differences between the subject property and the comparable properties. This method can be useful for valuing general purpose properties or vacant land. For improved properties, it is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

Income Capitalization Approach

The Income Capitalization Approach is based on the principle that a prudent investor will pay no more for the property than for another investment of similar risk and cash flow characteristics. The Income Capitalization Approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.

Subject Valuation

Cost, Sales Comparison & Income Approaches – Prospective Value At Completion & Prospective Stabilized

In this appraisal, the Cost, Sales Comparison and Income Capitalization Approaches to value are all utilized. These three approaches will be reconciled into the Concluded Prospective Stabilized Value in the Reconciliation section, followed by a Prospective Value At Completion analysis. Finally, the subject's As Is Market Value is presented at the end of the Reconciliation section.

Cost, Sales Comparison & Income Approaches – Prospective Value – Owner User

In this appraisal, the Cost, Sales Comparison and Income Capitalization Approaches to value are all utilized. These three approaches will be reconciled into the Concluded Prospective Stabilized Value At Completion in the Reconciliation section. Finally, the subject's As Is Market Value is presented at the end of the Reconciliation section.

Sales Comparison & Income Approaches – Prospective Values – Defer. Maint. / Renovation / Expansion

In this appraisal, only the Sales Comparison and Income Approaches to value are utilized. The Cost Approach is not considered a reliable indicator of value given the need to estimate accrued depreciation. As market participants and observers do not consider the Cost Approach reliable, it is not an applicable method of valuation and has been omitted.

These two approaches will be reconciled into the Concluded Stabilized Market Value (assuming completion of renovations) in the Reconciliation section. The subject's As Is Market Valuation is presented following the Reconciliation section.

Sales Comparison & Income Approaches – Prospective Values – Partial Owner-User / Investor

In this appraisal, only the Sales Comparison and Income Approaches to value are utilized. The Cost Approach is not considered a reliable indicator of value given the need to estimate accrued depreciation. As market participants and observers do not consider the Cost Approach reliable, it is not an applicable method of valuation and has been omitted. These two approaches will be reconciled into the Concluded Prospective Stabilized Value in the Reconciliation section.

In order to estimate the subject’s Prospective Market Value at Completion, it necessary to estimate the projected lease-up / absorption costs / renovation costs / building expansion costs from the Concluded Prospective Stabilized Market Value, with this analysis provided at the end of the prospective valuation. Finally, the subject's As Is Market Valuation is presented at the end of the Reconciliation section.

Surplus Land Area Add-on

As the subject has been determined to include surplus land area, our valuation will begin with an analysis of the subject land value. The contributory value of the subject surplus land will be added to the value of the prospective value of the primary site / building at the end of the Reconciliation section of this report.

Surplus Yard Area Add-on

As the subject includes surplus yard area, our valuation will begin with an analysis of the subject land value, as well as any contributory value of the proposed site improvements. The contributory prospective value of the surplus land / site improvements will be added to the estimated value of the primary site / building as part of the Sales Comparison Approach. In addition, an allocation for potential surplus yard rent will be estimated as part of the Income Approach.

Excess Land Area Add-on

As the subject includes excess land area, our valuation will begin with an analysis of the subject land value. The contributory value of the subject excess land will be added to the prospective value of the of the primary site / building at the end of the Reconciliation section of this report.