

RE 3381

REAL ESTATE FUNDAMENTALS CLASS:

REAL ESTATE MARKETS AND VALUATION MODULE

SPRING 2014

CLASS NO. 6

FEBRUARY 10, 2014

Assignment: • **Read assigned chapter excerpts from "The Appraisal of Real Estate."**



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[Home](#) > Millionaire investors identify real estate as most popular alt asset class

Millionaire investors identify real estate as most popular alt asset class

By *mkitchen*

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Inhouse content:

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The majority (77 per cent) of millionaire investors say they own real estate while 35 per cent say they own a related investment, real estate investment trusts (REITs).

This is a key finding of the Morgan Stanley Wealth Management Investor Pulse Poll, a periodic survey of US high net worth investors, including a subset of households with a million dollars or more in financial assets. Questions about investments in alternative asset classes were posed only to the millionaire sample.

The survey found that investors who received advice from a financial advisor are much more likely to say they were knowledgeable about alternative asset classes (57 per cent), compared with those who have not received professional advice (30 per cent).

"This finding underscores the important role financial advisors play in providing information and education about the potential use of alternative asset classes by suitable investors in an appropriately diversified investment plan," says Andy Saperstein, head of investment products and services for Morgan Stanley Wealth Management.

After real estate and REITs, millionaire investors cite ownership of collectibles (34 per cent), followed by precious metals (28 per cent), private equity (27 per cent), real assets (oil, gas, mining, 17 per cent), private real estate funds (16 per cent), hedge funds (16 per cent), and venture capital (13 per cent).

Asked to recall an alternative investment unaided, 77 per cent of millionaires can recall at least one (led by hedge funds, at 19 per cent), while the remainder (23 per cent) said they could not recall an alternative without prompting.

As with actual ownership, real estate (33 per cent) and REITs (23 per cent) lead the list of alternatives the surveyed investors expect to buy in 2014, followed by collectibles (20 per cent), private equity (19 per cent) and precious metals (16 per cent).

Investors who work with financial advisors say their advisors are well informed about alternative asset classes. Nearly seven out of ten (68 per cent) say their advisors are knowledgeable about alternatives, and four in ten (41 per cent) say their advisors are "very knowledgeable".

[Articles and Features](#)

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Source URL: <http://www.hedgeweek.com/2014/02/07/196893/millionaire-investors-identify-real-estate-most-popular-alt-asset-class>

SEGMENT 1: (Continued from Class 04)

HIGHEST AND BEST USE

- I. One crucial determinant of market value is highest and best use.**
 - A. The highest and best uses of land or sites and improved properties are selected from various alternative uses.**
 - B. Highest and best use conclusions relate to the motivations of the market for the subject property.**
 - C. Market value concepts of highest and best use differ from those related to a client's specific investment requirements.**

II. Definition: Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

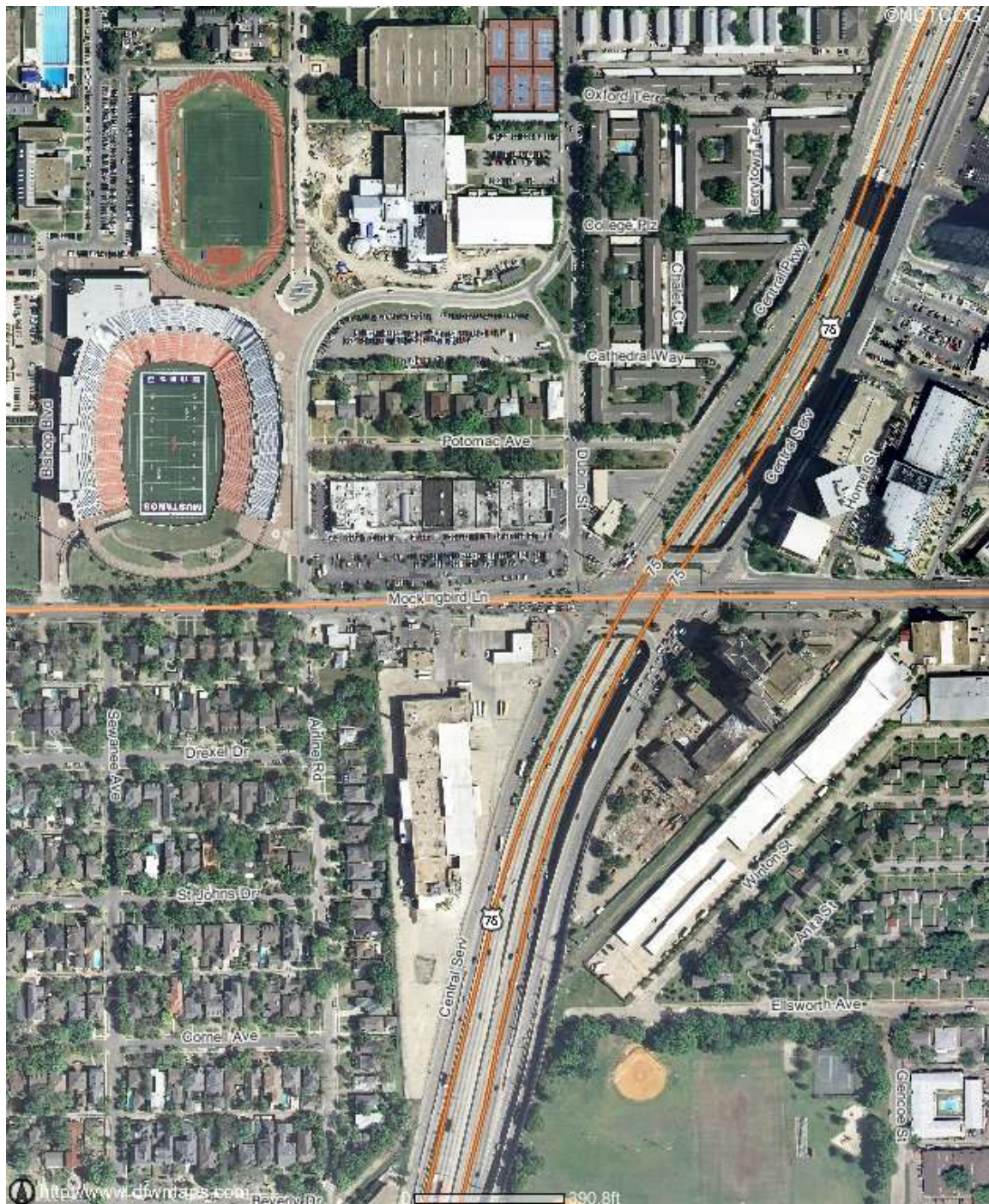
- A. The definitions of highest and best use indicate that there are two types of highest and best use**
 - 1. Highest and best use of land or a site as though vacant**
 - 2. Highest and best use of a property as improved**

III. Criteria used in highest and best use analysis

- A. Legally permissible**
- B. Physically possible**
- C. Financially feasible**
- D. Maximally productive**

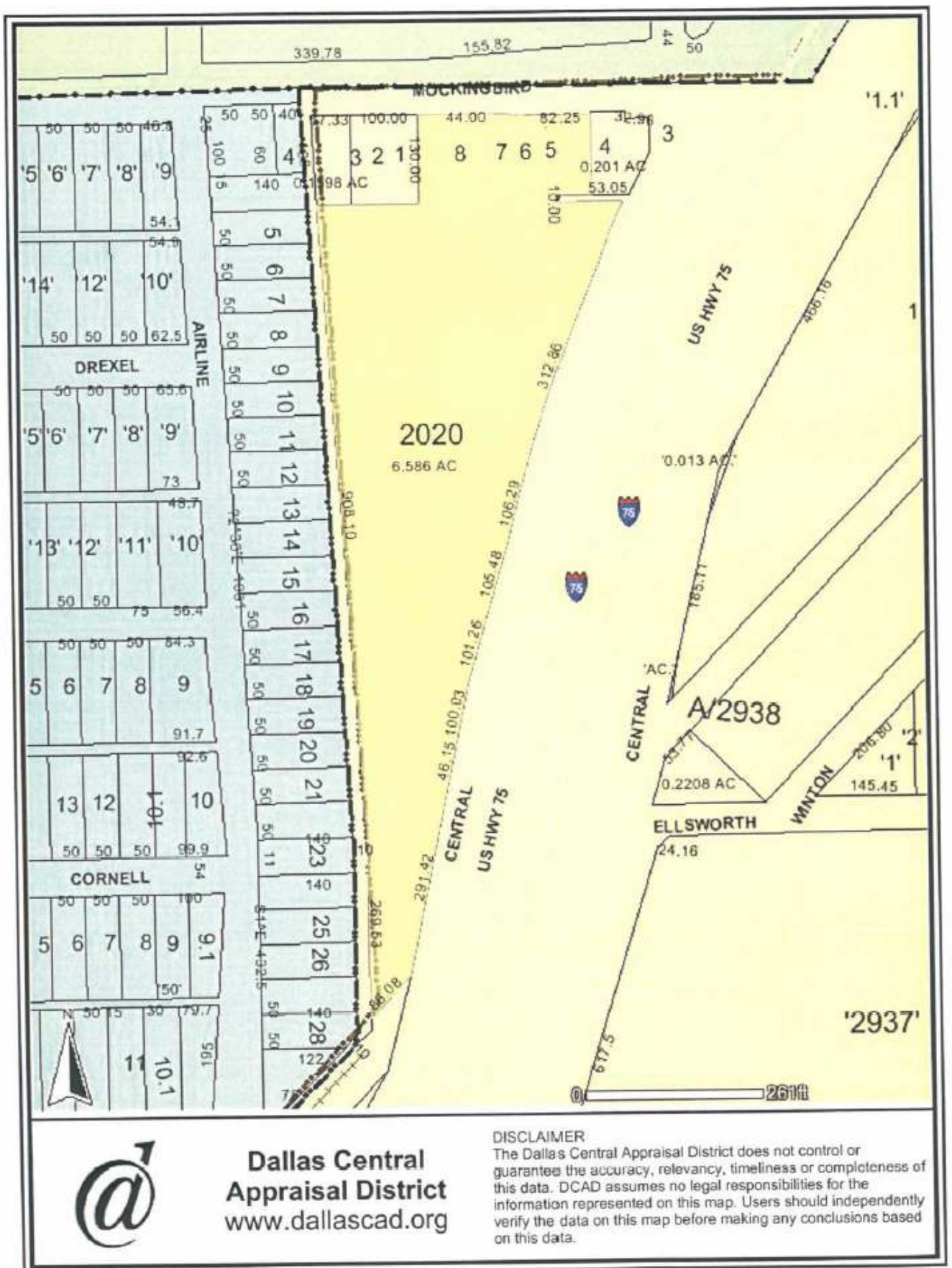
Refer to Mrs. Baird's Overhead

Aerial Photo



Aerial Photo





**Dallas Central
Appraisal District**
www.dallascad.org

DISCLAIMER

The Dallas Central Appraisal District does not control or guarantee the accuracy, relevancy, timeliness or completeness of this data. DCAD assumes no legal responsibilities for the information represented on this map. Users should independently verify the data on this map before making any conclusions based on this data.

**1717 Main St
Comerica Bank Tower**



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SEGMENT 1: SALES COMPARISON APPROACH

Principle: Prices paid – and asked – for competitive properties in the marketplace tend to set the price/value of real estate.

- Steps:**
1. Research market for sales and offerings of comparable properties
 - What is a “comparable” property?
 - Where do you find sales and offerings?
 - Relevancy of “Offerings”?
 2. Set up a grid detailing relevant “elements” and “units” of comparison
 - Units (See overhead)
The components into which a property may be divided for purposes of comparison
 - Elements
The characteristics or alternatives of properties and transactions that help explain the variance of prices paid for real estate
 3. Look for patterns, trends, market characteristics
 4. Adjust sales for differences (as compared to the subject) in relevant elements of comparison

Strengths:

1. Good, recent data reflect current market perceptions and pricing characteristics
2. Research process allows analyst/appraiser to “learn” the market in which the subject competes

Weaknesses:

1. Data often difficult to locate, verify and quantify
2. Adjustment process often highly subjective

Relationship to Appraisal Principles

1. Supply and Demand

- ◇ In a market many buyers and sellers acting in their own best interest, buyers constitute market demand and properties offered for sale make up supply.

2. Substitution

- ◇ The principle of substitution holds that the value of property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable period of time.

3. Balance


- ◇ The forces of supply and demand tend toward equilibrium, or balance in the market, but absolute equilibrium is almost never obtained.

4. Externalities

- ◇ External forces affect all types of property in positive or negative ways.

Table 13.1**Typical Units of Comparison**

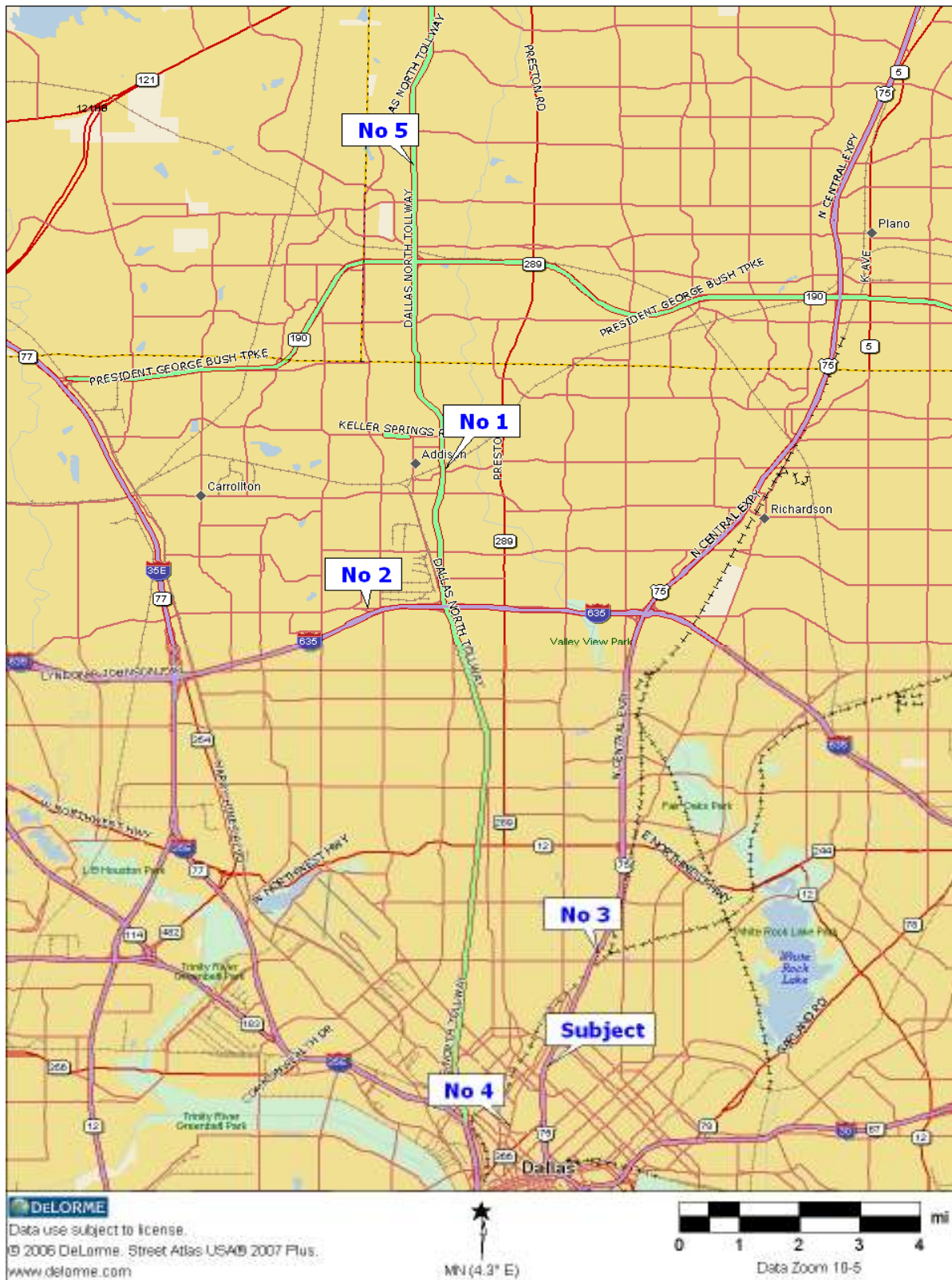
Property Type	Typical Units of Comparison
Single-unit residential property	Total property price
Apartment properties	Price per square foot of gross living area
	Price per apartment unit
	Price per room
Warehouses	Price per square foot of gross building area
	Price per square foot of gross building area
Factories	Price per cubic foot of gross building volume
	Price per square foot of gross building area
Office properties	Price per machine unit
	Price per square foot of gross building area
	Price per square foot of net rentable area
	Price per square foot of usable area
Hotels and motels	Price per guest room
Restaurants, theaters, and auditoriums	Price per seat
Hospitals	Price per square foot of gross building area
	Price per bed
Golf courses	Price per round (annual number of rounds played)
	Price per membership
	Price per hole
	Price per acre
Tennis and racquetball facilities	Price per playing court
Mobile home parks	Price per parking pad
Marinas	Price per slip
Automobile repair facilities	Price per bay
	Price per square foot of gross building area
Agricultural properties	Price per acre
	Price per animal unit (for pastureland)
	Price per board foot (for timberland)
Vacant land	Price per front foot
	Price per square foot
	Price per acre
	Price per buildable square foot

		OFFICE SALE COMPARABLE NO. 4			
		PROPERTY DATA			
		Improvements: Year Built: 1999 Class: A No. of Buildings: 1 No. of Stories: 14 Gross Building Area (SF): 366,769 Rentable Area (SF): 357,000 Usable Area (SF): 304,521 Common Area Factor: 14.7% Parking: Garage % Interior Finish at DOS: 100% Occupancy at DOS (%): 88% Land Area: 3.33 acres Land-to-Building Ratio: 2.49:1 Amenities: Band and food service			
PROPERTY INFORMATION		CASH EQUIVALENT UNITS OF COMPARISON			
DBF ID. No: OFFS.2420 Map Reference: D-014-D Deed Recorded: 2002227/04234 Project Name: Millennium I Location: Northeast corner of Dallas Parkway and Arapaho Road Address: 15455 North Dallas Parkway City, County, State: Addison, Dallas, TX					
SALES DATA			Actual	Pro Forma	Adj.
Grantor: MIL Phase I Dallas LP Grantee: RREEF Real Estate Investment Date of Sale: One Month Ago Total Sale Price: \$52,500,000 Cash Equivalent: \$52,500,000 Adjusted Sale Price: \$0 Terms of Sale: Equity: \$52,000,000 Financing: \$0		GIM: EGIM: OAR: Equity Cap Rate: Sale Price/SF:		6.18x 7.02x 8.25% 8.25% \$147.06	
		VERIFICATION DATA			
		Verified with/by: Paul Garancis/Grantor/DY Phone: 972/831-2200 Survey Date: One Month Ago			
INCOME ANALYSIS					
	Reported Actual		Pro Forma		
	Amount	Per NRA	Amount	Per NRA	
Potential Gross Income			\$8,500,739	\$23.81	
Vacancy & Credit Loss			(12%) 1,020,089	2.86	
Effective Gross Income			\$7,480,650	\$20.95	
Annual Expenses			3,149,400	8.82	
Net Operating Income			\$4,331,250	\$12.13	
NOI/GAI (%)			51.0%		
Annual Debt Service					
Annual Cash Flow					
COMMENTS					
Pro forma based on income and vacancy at time of sale and estimated expenses.					

COMPARABLE OFFICE BUILDING SALES													
Sale No.	Building Name/Address	DOS	Tenancy	PHYSICAL DATA			ECONOMIC DATA			SALES DATA			Comments
				YOC	Stories/ SF-NRA	% Occ.	EGI/SF	NOI/ SF	Exp/ SF	GIM (x)	OAR (%)	SP/SF	
1	Millennium I/ 15455 Dallas Parkway, Addison	1 month ago	Multi/ A	1999	14/ 357,000	88 (p)	\$20.95	\$12.13	\$8.82	6.18x	8.25	\$147.06	Property was 88% occupied at date of sale. Amenities consist of bank and food service.
2	Granite Tower @ the Centre/ 4055 Valley View Lane, Farmers Branch	1 month ago	Multi/ A	1999	10/ 240,153	99 (a)	NAV	13.99	NAV	NAV	10.00	139.91	Purchased by CB Global Innovative Partners. Amenities include day care and a conference facility.
3	Premier Place/5910 N. Central Expressway, Dallas	3 months ago	Multi/ A	1986/ 1998	20/ 395,901	85 (p)	22.39	13.30	9.09	5.18	9.75	136.40	Property includes a fitness center located on top of the parking garage.
4	Chateau Plaza/ 2515 McKinney Avenue, Dallas	6 months ago	Multi/ A	1986	18/ 171,764	98 (a)	23.40	12.95	10.45	5.38	10.08	128.48	Dean Foods, which occupies 50%+ of building, has a termination option at any time after 12/03 with a penalty. Lease expires 12/05.
5	Parkway Centre II/ 2805 Dallas Parkway, Plano	9 months ago	Multi/ A	1999	6/ 151,988	98 (a)	23.04	15.64	7.40	6.18	10.81	144.75	Second phase of 2-building project along Dallas North Tollway. Purchaser assumed short term floating rate loan; considered cash equivalent.
Sub.	SMU Class Hypothetical, Dallas	-	Multi/ A	1987	15/ 251,755	88%	18.50	\$8.48	7.80	-	-	-	
(p) = pro forma (a) = actual													



OFFICE SALE COMPARABLES MAP



SALES COMPARISON APPROACH – EXAMPLE OF APPLICATION

The Sales Comparison Approach, also termed the Market Approach, involves the comparison of the improved subject properties to similar properties which have already sold, or which are currently offered for sale, with consideration given to their respective differences from the subject.

The comparables deemed most relevant for use herein are summarized in the chart on the following page; a map is found subsequent. Details of each comparable are presented in the Addenda.

While not considered to be a complete list of all transactions, these comparables represent a sufficient database from which a reliable analysis of the subject property may be made.

Adjustments to the comparables are made for differences in their various elements of comparison. A general discussion of these elements follows:

1. **Financing Terms** account for the impact on value that is produced by favorable financing. Adjustments are not required since all sales are based on a cash or cash equivalency basis.
2. **Conditions of Sale** adjustments reflect the motivations of the buyer and the seller.
3. **Market Conditions (time)** account for value changes in area properties between the date of the comparable sale and the effective date of this appraisal report. As noted in the preceding office market analysis, demand for office product has decreased dramatically since these sales transacted. Thus, an adjustment for market conditions is warranted.

Example:

Market Conditions (time): Changing market conditions can affect the value of property over time. Relative changes in supply and demand for real property and overall economic conditions between specified dates of sale will affect the prices which will be paid in a competitive and open market.

Over the time period in which the comparables were transacted, general market conditions for office properties in the local market have declined rather dramatically. More importantly, investors' required rates of return have been increasing. Attracting investors has become especially difficult due to the current recession, as well as significant financing constraints.

The sales occurred between August, 2007 and October, 2009. The national financial and lending crisis commenced in late 2007. Since September, 2008, investors have become hesitant to make purchases without perceived large discounts to earlier prices. Even when intent exists to purchase real estate, investors have experienced great difficulty obtaining financing.

The table below analyzes total changes from each quarter to third quarter 2009 in OARs for Sacramento office properties and collected rental rates for the South and West Sacramento submarket.

OFFICE MARKET CONDITIONS			
Period	OAR % Change to 2Q 2009	Collected Rent % Change to 2Q 2009	Combined Total Change*
1Q 2008 – 2Q 2009	+21.1%	-7.3%	-28.4%
2Q 2008 – 2Q 2009	+21.1%	-7.3%	-28.4%
3Q 2008 – 2Q 2009	+17.8%	-5.2%	-23.0%
4Q 2008 – 2Q 2009	+11.7%	-1.0%	-12.7%
1Q 2009 – 2Q 2009	0%	+0.7%	+0.7%
2Q 2009 – 3Q 2009	+3.6%	-5.3%	-1.7%
Sources: RERC Investor Survey; Sacramento suburban office OARs. Reis data for Sacramento area collected rental rates (occupancy x rental rates). *Second category is added to first when negative number and subtracted from first when positive.			

Another frequently cited source for commercial property value trends is the Moody's/Real Commercial Property Price Indices ("CPPI"). The October, 2009 data are summarized on the following page.

Sector	Change from 1 Year Earlier	Change from 2 Years Earlier
National Office	-21.2%	-27.4%
West Office	-31.2%	-31.0%

The declines in the Western Region office market are some of the steepest of all the property types tracked by Moody's.

Based on the preceding, we will apply a 30% downward adjustment for declining market conditions to those which sold in the first and second quarters of 2008. This adjustment is likewise supported by Lee & Associates' Mid-Year 2009 Office Overview, in which they opine that property values have decreased 30-40% as cap rates have increased and rental rates have declined.

4. **Location** adjustments typically account for the impact on value of time-distance relationships between a property and common origins and destinations.
5. **Size** adjustments account for the overall size of the comparable compared to the subject. If the size of the comparable is larger than the subject's, the market will pay less per SF (all other factors being equal). Likewise, if the size of the comparable is smaller than the subject's, the market will pay more per SF (all other factors being equal).
6. **Occupancy** adjustments account for the occupancy rates of the comparable properties compared to the subject.
7. **Age/condition** adjustments account for the effective age of the comparable property compared to the subject's effective age. Market participants typically pay more for property with a lower effective age and superior condition.
8. **Design/appeal** adjustments account for the aesthetic desirability of a property. Properties with a superior design/appeal are more desirable than properties with inferior design/appeal.
9. **Amenities:** Generally, the more amenities a building has, the more an investor is willing to pay.

Qualitative Analysis/Comparison:

The overall range of sale prices for these comparable buildings is approximately \$22,000,000 to \$53,000,000: a range of almost 150%. The range of sale price/SF, the most relevant unit of comparison, is approximately \$128 to \$146: a range of less than 15%.

COMPARABLE OFFICE BUILDING SALES QUALITATIVE ANALYSIS								
Sale No.	Building Name/Address	DOS	Tenancy	YOC	Physical Data		SP/SF	Compared to ACS, This Building is...
					Stories/SF-NRA	% Occ.		
1	Millennium I/ 15455 Dallas Pkwy Addison	1 month ago	Multi/A	1999	14/ 357,000	88 (p)	\$142.06	Superior
2	Granite tower @ The Centre 4055 Valley View Lane Farmers Branch	1 month ago	Multi/A	1999	10/ 240,153	99 (a)	\$139.91	Superior
3	Premier Place 5910 N. Central Exprwy. Dallas	3 months ago	Multi/A	1986/ 1998	20/ 395,901	85 (p)	\$136.40	Similar
4	Chateau Plaza 2515 McKinney Avenue Dallas	6 months ago	Multi/A	1986	18/ 171,764	98 (a)	\$128.48	Similar
5	Parkway Centre II 2805 Dallas Parkway Plano	9 months ago	Multi/A	1999	6/ 151,988	98 (a)	\$144.75	Similar
Sub.	SMU Class Hypothical. Dallas	-	Multi/A	1987	15/ 251,755	88%	-	-
(p) = pro forma (a) = actual								

Here is a 'qualitative' ranking of these sales:

Sale	Compared to SMU Building, it is ...	SP/SF
5	Superior	\$144.75
1	Superior	142.06
2	Sl't. Superior	139.91
3	Similar	136.40
4	Sl't. Inferior	128.48

So, what do you think subject's market value should be, based on these sales data?

Discussion of Single Family Residential listings (“MLS”)

See: NTREIS Summary

See: Ebby.com / Zillow.com

See: SFR Appraisal form



Comparative Market Analysis

Your Initial search criteria were: ((LISTSTATUS IN ('SLD') AND STATUSCHANGEDATE>=CONVERT(DATETIME,'3/1/2009')) AND (AREA IN ('25') AND ((MAPBOOK IN ('DA') AND MAPPAGE IN ('0035') AND MAPCOORD IN ('D','H')) OR (MAPBOOK IN ('DA') AND MAPPAGE IN ('0036') AND MAPCOORD IN ('A','E')))) AND PROPSUBTYPE IN ('S'))

Property Type: Single Family Status: Sold

Subject Property

Address	City	BRBth	Gar/ Cp/TCP	SqFt	Acr	Blt	PL	CDOM	List Price	SP %	LPSold	Date\$	SqFt	Sale Price
7827 Lovers LN	Dallas	2	2.0	0/0/0	954	0.176	1946	N	14	309,000	97	3/16/2009	313.42	299,000
3325 Rankin ST	UNIVERSITY	2	2.1	0/0/0	1,699	135.000	1932	N	68	539,000	97	6/29/2009	309.19	525,000
3229 Amherst AVE	University	2	2.0	2/0/2	1,856	0.161	1956	N	174	579,000	86	6/12/2009	269.40	500,000
2711 Lovers LN	University	3	2.1	2/0/2	3,255	0.307	1950	Y	26	585,000	84	8/17/2009	150.54	490,000
3413 Amherst AVE	University	3	1.0	1/0/1	1,822	0.161	1926	N	8	595,000	91	6/25/2009	297.75	542,500
7809 Hanover	DALLAS	4	3.0	0/0/0	2,609		1946	N	3	599,000	100	4/02/2009	229.59	599,000 Z
3457 Normandy AVE	UNIVERSITY	4	3.1	2/0/2	3,191		2008	N	268	625,000	89	4/24/2009	174.79	557,750
3316 Purdue AVE	University	3	2.0	0/2/2	1,751	0.161	1936	N	62	659,000	93	7/28/2009	351.23	615,000
2720 Hanover ST	University	3	2.0	2/0/2	2,644	0.257	1948	N	27	675,000	106	7/13/2009	270.42	715,000
2833 Daniel AVE	University	4	3.0	2/0/2	3,475	0.268	1976	N	233	699,000	96	4/03/2009	182.81	670,000
2826 Fondren DR	University	4	3.1	2/0/2	3,019	0.149	1994	N	49	799,000	91	6/08/2009	240.97	727,500
2901 Daniel AVE	University	3	3.0	2/0/2	3,312	0.280	1978	Y	36	799,500	95	3/23/2009	229.47	760,000
3216 Westminster AVE	UNIVERSITY	4	3.0	2/0/2	3,399		1999	N	417	849,000	95	7/30/2009	238.45	810,500
3432 Amherst AVE	University	4	2.1	2/0/2	2,982	0.161	1968	Y	5	850,000	88	5/27/2009	251.51	750,000
2908 Rosedale AVE	University	4	3.1	2/0/2	3,550	0.172	1992	Y	112	885,000	95	8/24/2009	236.62	840,000
2719 Daniel AVE	University	4	3.1	2/0/2	4,030	0.212	1997	N	138	899,000	92	8/06/2009	205.86	830,000
7719 W Lovers LN	Dallas	4	3.2	3/0/3	4,166	0.183	2007	N	338	899,000	93	6/01/2009	200.67	840,000
7827 Stanford AVE	Dallas	4	3.1	2/0/2	4,464	0.193	1999	N	792	899,900	92	7/14/2009	184.81	825,000
3021 Rosedale AVE	University	4	3.0	2/0/2	3,128	0.172	1994	N	92	899,999	100	6/21/2009	287.72	899,999 Z
2732 Milton AVE	University	4	3.1	2/0/2	3,295	0.172	1994	N	106	929,000	96	9/01/2009	270.20	890,300
7727 Lovers	DALLAS	5	4.0	2/0/2	4,842		2006	N	16	939,418	95	7/29/2009	184.84	895,000
3204 Amherst AVE	University	4	3.1	2/0/2	3,681	0.161	1985	Y	35	945,000	95	7/24/2009	243.68	897,000
3204 Milton AVE	University	4	4.0	2/0/2	4,097	0.177	2001	Y	5	995,000	100	5/27/2009	242.86	995,000 Z
2726 Rosedale AVE	University	4	3.1	2/0/2	4,237	0.172	1997	Y	153	999,000	95	8/31/2009	224.22	950,000
2806 Fondren	University	5	4.1	2/0/2	4,155		1995	Y	23	999,500	100	8/11/2009	240.55	999,500 Z
2924 Milton AVE	UNIVERSITY	4	4.0	2/0/2	3,735		1992	N	24	1,000,017	100	6/12/2009	266.67	996,000
2844 Fondren DR	University	4	4.1	2/0/2	4,073	0.144	2008	N	129	1,095,000	95	5/28/2009	255.09	1,039,000
2805 Rosedale AVE	UNIVERSITY	5	6.1	2/0/2	4,978	0.170	2008	N	491	1,100,000	92	6/01/2009	202.89	1,010,000
3440 Purdue AVE	UNIVERSITY	4	3.2	2/0/2	4,393		1990	N	12	1,195,000	92	8/21/2009	250.40	1,100,000
3012 Bryn Mawr	DALLAS	5	5.1	2/0/2	4,930		1985	N	47	1,249,000	97	6/12/2009	245.98	1,212,670
3204 Stanford	University	4	3.1	2/0/2	3,879		1990	Y	101	1,269,000	100	7/24/2009	327.15	1,269,000 Z
2828 McFarlin BLVD	UNIVERSITY	5	5.1	3/0/3	4,866		1999	Y	142	1,285,000	89	7/29/2009	236.33	1,150,000
7802 Hanover ST	Dallas	4	4.1	2/0/2	4,637	0.282	1998	N	21	1,299,000	85	4/16/2009	237.22	1,100,000
3305 Purdue AVE	University	5	6.2	2/0/2	4,875	0.154	2008	N	316	1,350,000	100	9/08/2009	276.92	1,350,000 Z
7821 Bryn Mawr DR	Dallas	4	5.0	3/0/3	6,105	0.254	2009	N	525	1,495,000	85	8/12/2009	208.85	1,275,000
3452 Amherst AVE	University	4	4.1	2/0/2	5,120		2008	N	475	1,595,000	91	9/01/2009	283.20	1,450,000
3000 Stanford AVE	University	5	5.1	2/0/2	6,821	0.216	2008	N	103	1,700,000	88	7/29/2009	219.91	1,500,000
2828 Stanford AVE	University	5	5.1	3/0/3	5,033	0.219	2004	Y	55	1,789,000	100	9/02/2009	355.45	1,789,000 Z
Min		2	1.0	0/0/0	954	0.144	1926		3	309,000	84		150.54	299,000
Max		6	6.2	3/2/3	6,821	135.000	2009		792	1,789,000	106		355.45	1,789,000
Average		4	3.4	2/0/2	3,765	5.190	1985		148	970,325	94		247.67	912,203

Number of Properties: 38

Average (SalePrice / SqFt) : \$247.67

Fields with a "0" value or a blank value are not calculated in the CMA averages.

For client print out please enter the following information:

Client Name:

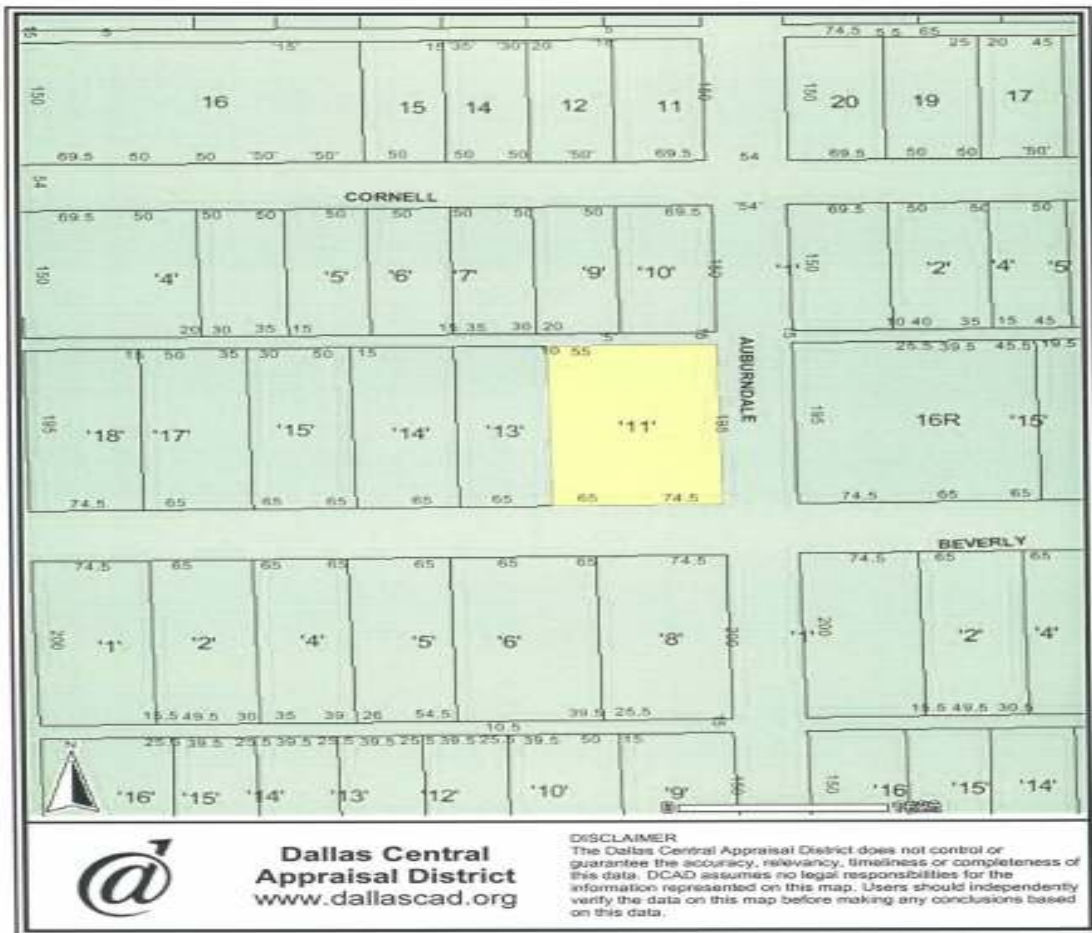
40 char. max

Prepared by:

John Scarborough

Phone Number

(214)932-1825



SITE VALUE PROBLEM

Assume:

The following vacant lot sales are known:

Lot	DOS	Size/SF	SP	SP/SF
13	12/13	12,675	\$950,000	\$74.95
16R	12/13	39,878	2,100,000	52.66
10	11/13	10,425	860,000	82.49
9	09/13	9,750	730,000	74.87
15	12/12	12,675	1,090,000	86.00
Subject - 11	-	27,203	?	?

Assume: Beverly Drive similar to Cornell in "Location".

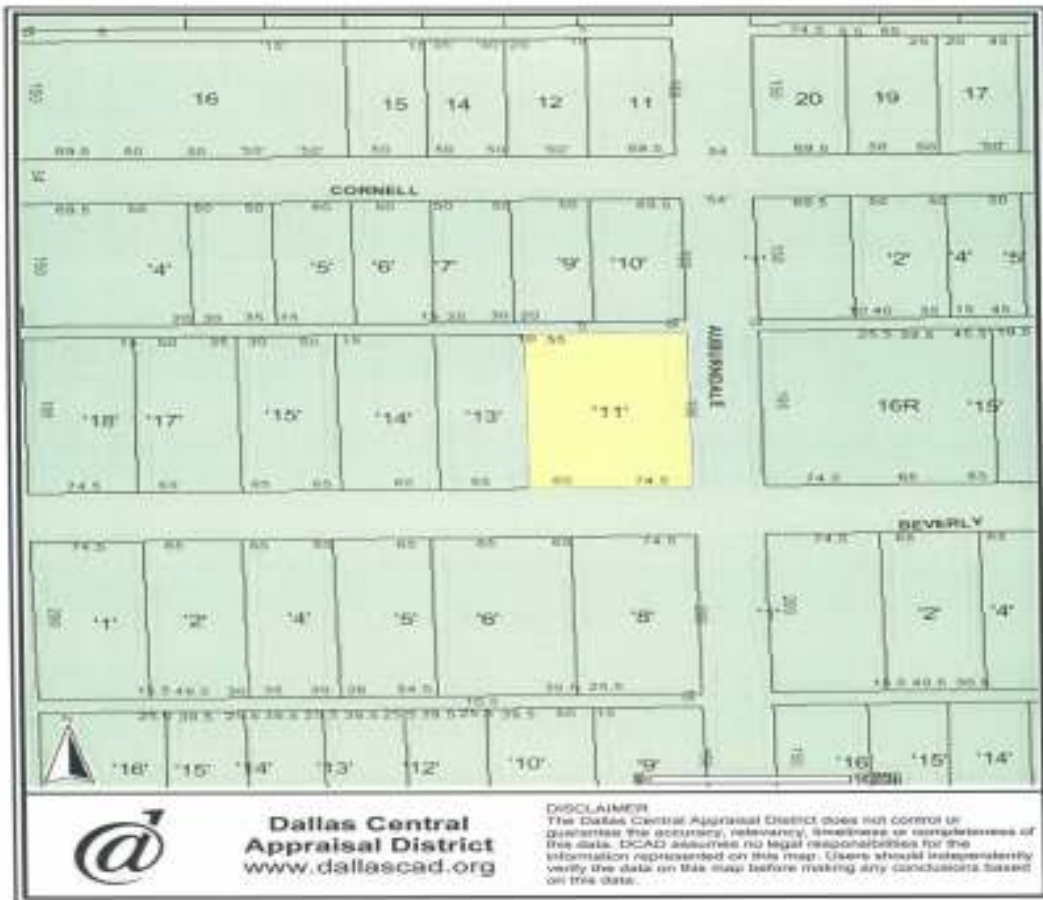
- All other "elements" are similar in each lot.

QUESTIONS: Can be Solved using "Matched Pair" Analysis



1. Do corners sell at a premium or a discount?

Compare Lot 10 to Lot 9:		
	Lot 10	Lot 9
Corner	Yes	No
Size	Similar	Similar
Location	Similar	Similar
Date Sold	Similar	Similar
SP/SF	\$82.49	\$74.87
Difference/SF		+\$7.62
As a %		+10.2%



2. Does size influence SP/SF?

Compare Lot 10 to Lot 16R:		
	Lot 10	Lot 16R
Corner	Yes	Yes
Size/SF	10,425	39,878 (over 3x as large)
Location	Similar	Similar
Date Sold	Similar	Similar
SP/SF	\$82.49	\$52.66
Difference/SF		- \$29.83
As a %		-36.2%



3. Has market gone up or down over last year?

Compare Lot 13 to Lot 15:		
	Lot 13	Lot 15
Corner	No	No
Size/SF	Similar	Similar
Location	Similar	Similar
Date Sold	12/13	12/12
SP/SF	\$74.95	\$86.00
Difference/SF		-\$11.05
As a %		-13.00%



4. So, what is value of Lot 11?

QUANTATIVE ADJUSTMENT GRID										
Lot Sale	DOS	SIZE/SF	SP/SF	Adjustment for....						
				DOS	Adj. SP/SF	Loc.*	Corner	Size	Net Adj.	Adj. SP/SF
13	12/13	12,675	\$74.95	-0-	\$74.95	-0-	+10%	-20%	-10%	\$67.46
16R	12/13	39,878	52.66	-0-	52.66	-0-	-0-	+20%	+20%	63.19
10	11/13	10,425	82.49	-0-	82.49	-0-	-0-	-20%	-20%	65.99
9	09/13	9,750	74.87	-0-	74.87	-0-	+10%	-20%	-10%	67.38
15	12/12	12,675	86.00	-13%	74.82	-0-	+10%	-20%	-10%	67.34
Subj. Lot 11	-	27,203	-	-	-	-	-	-	-	-

*For this exercise, we have assumed the Beverly Drive location is similar to Cornell Avenue.

Now: After your adjustment process is completed, what is your opinion of the estimated value of the subject lot?