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REA625
Real Estate Valuation

Lecture 6



Real Estate Management

Lecture 6

REA625

Real Estate Valuation

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Recap - Lecture 5

The Professional Framework of the Valuation Process

The Definition of the Professional Framework

Fundamental Principles of the Professional Framework

Professional Competence and Ethics

The Valuation Process Lifecycle

1. Receiving Instructions

2. Ethics and Conflict of Interest Check

3. Preparation the Scope of Work/Letter of Engagement

4. Inspection and Investigation

5. Data Collection and Market Analysis

6. Application of Valuation Approaches

7. Preparation and Review of the Final Report

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- *The Main Valuation Approaches*
- ✓ *Factors Influencing the Selection of the Valuation Approach*
- ✓ *Combining between Valuation Approaches*
- *Market (Sales Comparison) Approach*
- ✓ *The Definition According to the Three International Standards*
- ✓ *Fundamental Economic Principles*
- ✓ *Steps in Applying the Sales Comparison Approach*
- ✓ *Limitations and Challenges in the Market Approach*

The Main Valuation Approaches

Valuation Approaches

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graph TD; A[Valuation Approaches] --> B[1. Market (Sales Comparison) Approach]; A --> C[2. Income Approach]; A --> D[3. Cost Approach];
```

1. Market (Sales Comparison) Approach

This approach is based on **comparing the subject property** with **similar properties** that have been sold in the market.

2. Income Approach

This approach converts **expected future cash flows** into a **present value** through **capitalization or discounting techniques**.

3. Cost Approach

This approach is based on **estimating the cost of constructing a comparable asset**, less **depreciation**.

The Main Valuation Approaches

“The selection of the **valuation approach** is not an **arbitrary decision**; rather, it is a **professional judgment** based on a **systematic analysis of a set of interrelated factors.**”

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 1: Nature and Characteristics of the Property

Factor 2: Data Availability and Quality

Factor 3: Purpose of Valuation

Factor 4: Real Estate Market Conditions

Factor 5: Legal and Regulatory Framework

Factor 6: Valuer's Qualifications and Experience

Factor 7: Sustainability and ESG Considerations

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 1: Nature and Characteristics of the Property

The nature of the subject property is considered the most influential factor in selecting the appropriate valuation approach. This nature includes several dimensions:

A) Functional Use of the Property

B) Degree of Specialisation

C) Building Age and Property Condition

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 1: Nature and Characteristics of the Property

A) Functional Use of the Property

Property Type	Most Appropriate Approach	Reason
Residential (apartments, villas)	Market Approach	Availability of comparable sales transactions
Leased commercial (offices, retail units)	Income Approach (Capitalisation)	Value is directly linked to income
Hotels and resorts	DCF + Market Approach	Operational complexity
Industrial properties and warehouses	Cost Approach+ Market Approach	Specialised construction
Agricultural property	Market Approach + Income Approach	Crop prices and productivity
Development land	Residual + Market Approach	Value depends on development potential
Specialised properties (hospital, school)	Cost (DRC) Approach	Lack of comparable market evidence
Heritage and historical properties	Cost Approach + Special considerations	Unique and irreplaceable

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 1: Nature and Characteristics of the
Property

B) Degree of Specialisation

Scale of Specialisation and Its Impact on Method Selection

Non-specialised
(Residential apartments)

Highly specialised
(Power plant)

Market Approach
Best

Cost Approach
(DRC) Most Suitable

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 1: Nature and Characteristics of the Property

C) Building Age and Property Condition

Property Condition	Impact on Method Selection
New (0–5 years)	Cost is close to market value → Cost approach may be applicable
Relatively new (5–15 years)	Market and income approaches are most suitable
Old (more than 30 years)	Cost approach may produce low values due to depreciation
Requires renovation	Renovation costs must be added to the cost approach
Dilapidated or derelict	Land value becomes the primary basis

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 2: Data Availability and Quality

This factor is one of the **most influential practical considerations**, because the theoretically preferred approach may not be applicable if the required data are unavailable.

A) Data Required for Each Approach

B) Impact of Data Quality on Method Selection

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 2: Data Availability and Quality

A) Data Required for Each Approach

Market Approach	Income Approach	Cost Approach
Recent sales evidence	Market rents	Recent construction costs
Price per m ²	Occupancy rates	Construction material prices
Comparable property attributes	Operating expenses	Professional fees
Transaction details	Capitalisation rates	Land value
Market conditions	Future income forecasts	Depreciation rates

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 2: Data Availability and Quality

B) Impact of Data Quality on Method Selection

Data Quality	Decision
Abundant and reliable data	High confidence in the approach
Adequate but limited data	Apply the approach while documenting limitations
Scarce or outdated data	Use an alternative approach or combine approaches
No data available	Exclude the approach and document the justification

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 3: Purpose of Valuation

The purpose of valuation often determines the required or preferred valuation approach by the client or regulatory body.

Valuation Purpose	Preferred Approach	Justification
Sale and purchase	Market Approach	Directly reflects market price
Mortgage lending	Market + Income	Bank and lender requirements
Investment and portfolio valuation	DCF	Reflects future returns
Financial reporting (IFRS)	Fair Value = Market / Income	International accounting standards
Insurance	Replacement Cost	Basis for compensation
Expropriation and compensation	Market + Income	Fair compensation value
Litigation and disputes	Combination of three approaches	Strengthens legal evidence
Property taxation	Market	Market value as tax base
Inheritance and estate valuation	Market	Fair market value
Partnerships and mergers	DCF + Market	Complex transactions

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 4: Real Estate Market Conditions

The condition of the real estate market has a direct impact on the applicability of each valuation approach.

Market Condition	Impact on Method Selection
Active and growing market	Market Approach is the most reliable
Stagnant market	Income Approach or Cost Approach is preferred
Market in crisis	Cost Approach for minimum value with caution
Emerging market	Cost Approach with regional comparisons
Mature and transparent market	All valuation approaches can be applied reliably

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 5: Legal and Regulatory Framework

The legal framework in many countries imposes **specific requirements regarding valuation approaches.**

Legal Framework	Impact on Method Selection
Mortgage finance regulations	Banks often require market or income approach
Accounting standards (IFRS 13)	Fair value prioritizes market prices
Expropriation laws	Compensation based on market comparison
Tax legislation	May legally specify valuation method

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 6: Valuer's Qualifications and Experience

The professional level and experience of the valuer influence the ability to apply different valuation approaches.

Valuer Level	Typical Capability in Applying Valuation Approaches
Junior Valuer	Prefers simple Market Approach (sales comparison)
Intermediate Valuer	Can apply Market Approach and Income Approach
Experienced Valuer	Applies and reconciles all valuation approaches
Specialised Valuer	Uses advanced models such as DCF and statistical analysis

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Factor 7: Sustainability and ESG Considerations

The International Valuation Standards 2024 introduced **the impact of Environmental, Social, and Governance (ESG) factors** as an emerging influence **on valuation approach selection**.

ESG Factor	Impact on Valuation Approach
Energy efficiency certification	Adjustment in market comparison and reduced operating costs in income approach
Location in climate-risk area	Adjustment of discount rate in DCF
Environmental upgrade obligations	Additional future costs in cost approach
Building governance and management	Impact on occupancy rate in income approach

The Main Valuation Approaches

➤ Factors Influencing the Selection of the Valuation Approach

Comprehensive Summary Table of Selection Factors

Factor	Diagnostic Questions	Impact on Selection
Nature of the property	What is the use? What is the degree of specialisation?	Very high
Data availability	Are comparable sales available? Are rental data documented?	Very high
Purpose of valuation	For sale, financing, litigation, or insurance?	High
Market conditions	Is the market active or stagnant? Transparent or opaque?	High
Legal framework	Are there legal requirements for a specific method?	Medium–High
Time constraints	How much time is available for the valuation?	Medium
Valuer's expertise	Does the valuer have the necessary competence?	Medium
ESG considerations	Do sustainability factors materially affect value?	Increasing

The Main Valuation Approaches

➤ Combining between Valuation Approaches

**Can More Than
One Valuation
Approach Be
Combined?**

-  **Answer: Yes, and in many cases, it is recommended.**
- The International Valuation Standards Council (IVS) state in IVS 105 – Valuation Approaches and Methods that valuers should consider using multiple valuation approaches and methods **when the data available for a single approach are insufficient, or when an alternative approach enhances the reliability of the valuation conclusion.**

The Main Valuation Approaches

➤ Combining between Valuation Approaches

Justification for Combining Valuation Approaches

Reason	Explanation
Cross-Validation	Each valuation approach provides a check on the results obtained from the other approaches.
Enhanced Reliability	When the results of different approaches converge, the confidence in the final value conclusion increases.
Compensating Weaknesses	Each approach helps to offset the limitations or weaknesses of the others.
Meeting Client or Regulatory Requirements	Some clients, lenders, or regulatory bodies require the application of more than one valuation approach.

1. Market (Sales Comparison) Approach

➤ The Definition According to the Three International Standards

**RICS Red
Book 2023**

“The sales comparison method relies on **comparing** the subject property with other similar transactions that have occurred in the market.”

Mandatory RICS requirements:

- Full documentation of comparable transactions
- Transparency in valuation adjustments
- Professional justification for each adjustment

1. Market (Sales Comparison) Approach

➤ The Definition According to the Three International Standards

**EVS 2020 –
TEGOVA**

“A direct valuation method based on the observation of actual market evidence.”

Key characteristics of EVS:

- Emphasis on market transparency
- European valuation database standards
- Alignment with European Union regulatory requirements

1. Market (Sales Comparison) Approach

➤ The Definition According to the Three International Standards

IVS 2024

“A valuation approach that uses information derived from market transactions involving identical or comparable assets.”

Core principles in IVS include:

- Principle of Equilibrium
- Principle of Substitution
- Principle of Anticipation of Future Benefits

These principles work interdependently to explain how the market value of real estate is formed.

1. Market (Sales Comparison) Approach

➤ Fundamental Economic Principles in IVS 105 /First: Principle of Price Equilibrium/

This principle states that the real estate market continuously seeks a balance between **supply and demand**, and that market prices reflect **this balance at a specific point in time**.

When supply equals demand, the price stabilizes at what is known as the **equilibrium price**, representing the **most probable market value of the property** under normal market conditions.

Market Equilibrium Mechanism

Market Condition	Impact on Prices
Demand exceeds supply	Prices increase
Supply exceeds demand	Prices decrease
Supply equals demand	Prices stabilize

1. Market (Sales Comparison) Approach

➤ Fundamental Economic Principles in IVS 105 /First: Principle of Price Equilibrium/

Practical Example

Suppose a new residential development introduces 500 housing units into an area with limited demand. The increase in supply will likely result in:

- Increased market supply
- Price decline or stabilization
- Movement of the market toward a new equilibrium point

When valuing a property in this area, the **valuer must consider this change in market equilibrium** when selecting comparables and determining value.

This principle forms the **theoretical foundation of the Market Approach**, since **actual sales transactions represent the point at which supply and demand intersect in the market.**

1. Market (Sales Comparison) Approach

➤ Fundamental Economic Principles in IVS 105 /Second: Principle of Substitution/

The **Principle of Substitution** states that a **rational buyer will not pay more for a property than the cost of acquiring an equivalent substitute property that provides the same utility under similar conditions.**

The presence of comparable alternatives in the market therefore **establishes the upper limit of price** that a buyer is willing to pay.

Key Elements of the Principle

Element	Explanation
Rational buyer	Seeks the best value for the price
Acceptable substitute	A similar property in terms of location, use, and characteristics
Maximum price	Will not exceed the price of the substitute
Market conditions	Comparisons must occur under similar time and market conditions

1. Market (Sales Comparison) Approach

➤ Fundamental Economic Principles in IVS 105 /Second: Principle of Substitution/

Practical Example

Suppose there are two similar apartments in the same neighborhood:

Apartment	Price
Apartment A	500,000
Apartment B	550,000

In this situation, the buyer will most likely choose **Apartment A**, because it provides the **same utility at a lower price**.

As a result, the owner of **Apartment B** must either:

- ☐ Reduce the price, or
- ☐ Justify the higher price (for example, better location or superior finishing).

1. Market (Sales Comparison) Approach

➤ Fundamental Economic Principles in IVS 105 /Second: Principle of Substitution/

The **Principle of Substitution** forms the main theoretical basis for:

- ❖ **Market (Sales Comparison) Approach**
- ❖ **Cost Approach**

In both cases, the valuer determines value by **comparing the subject property with similar alternatives available in the market.**

1. Market (Sales Comparison) Approach

➤ Fundamental Economic Principles in IVS 105 /Third: Principle of Anticipation of Future Benefits/

This principle states that **the current value of a property depends on the economic benefits that investors expect to receive in the future.**

Therefore, investors purchase a property **not only for its current condition**, but also for the **future cash flows it is expected to generate.**

Key Elements of the Principle

Element	Explanation
Cash flows	Expected rents or returns
Time value of money	Money today is more valuable than money in the future
Risk	Higher risk leads to lower present value
Expectations	Forecast of the property's future performance

1. Market (Sales Comparison) Approach

➤ Fundamental Economic Principles in IVS 105 /Third: Principle of Anticipation of Future Benefits/

Practical Example

Assume an office building generates:

- **Net annual rental income = 200,000**

An investor estimates the building's value based on the **expected future income stream**, meaning that the property is purchased because of the anticipated future returns.

Therefore:

Current value of the property = Present value of expected future cash flows

This is the theoretical foundation for income-based valuation methods which is commonly used for income-producing properties, including:

- Office towers
- Shopping centres
- Hotels
- Residential rental complexes

1. Market (Sales Comparison) Approach

➤ Fundamental Economic Principles in IVS 105

These principles do not operate independently; rather, they complement each other in explaining the market value of real estate.

Principle	Role in Valuation
Price Equilibrium	Defines the general market framework and price level
Substitution	Establishes the upper price limit based on alternatives
Anticipation of Benefits	Determines the investment value of the property

1. Market (Sales Comparison) Approach

➤ Conditions for Applying the Market Approach

Condition	IVS 2024	RICS 2023	EVS 2020
Active market	Sufficient market transactions must exist	Minimum of 3–5 comparables	Transparent market with documented transactions
Comparability	Identical or comparable assets	Similarity in key characteristics	Direct comparability between properties
Recency	Relatively recent transactions	Usually within 6–12 months	Reflect current market conditions
Reliability	Verifiable data	Reliable and independent sources	Recognised valuation databases

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

1. Collection and Documentation of Comparable Transaction Data

2. Data Verification

3. Selection of the Unit of Comparison

4. Adjustments in the Sales Comparison Approach

5. Documentation and Preparation of the Valuation Report

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

1. Collection and Documentation of Comparable Transaction Data

The valuer collects recent sales transaction data from multiple sources, such as:

- ✓ Property registration records
- ✓ Real estate market databases
- ✓ Real estate brokers and agents
- ✓ Relevant government authorities

2. Data Verification

The valuer must confirm that the transactions:

- ✓ Occurred between willing and knowledgeable parties
- ✓ Took place in an open and competitive market
- ✓ Do not include exceptional circumstances, such as forced sales

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

3. Selection of the Unit of Comparison

The comparison unit varies depending on the property type.

Property Type	Comparison Unit
Apartments	Price per m2
Residential Land	Price per m2
Commercial Properties	Price per m2 Rental
Industrial Properties	Price per m2 Building
Hotels	Price per Room
Agricultural Land	Price per Hectare

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Adjustments are made to account for **differences** between the **comparable property** and the **subject property** to improve the accuracy of the comparison.

Adjustments are usually applied to the **price of the comparable property**, either by **addition (+)** or **deduction (-)**.

Adjustments are **always applied to the comparable property**, not the subject property, in order to make the comparable more similar to the property being valued.

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Adjustment Element	Explanation	Short Example
Location	Differences in location within the same area	Apartment on a main street sold for 500,000 while the subject property is on a side street → deduct 5% from the comparable price
Time	Price changes between the sale date and valuation date	Property sold one year ago for 400,000 and prices increased by 10% → adjusted price = 440,000
Size	Difference in building or land area	Apartment of 150 m ² sold for 600,000 while the subject apartment is 120 m ² → price adjusted downward
Physical condition	Difference in age or maintenance	New building vs. a 15-year-old building → deduct depreciation
Amenities	Presence of additional facilities	One apartment has a parking space and the other does not → deduct for example 10,000 from the comparable price
Financing terms	Non-market financing conditions	Interest-free financing may increase the apparent price → adjustment required
Incentives	Discounts or additional benefits	Developer offered a 20,000 discount or free furniture → subtract its value from the price

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Hierarchy of Adjustments

According to international standards such as **International Valuation Standards 2024** and **RICS Red Book Global Standards 2023**, adjustments should be applied in a **specific order** to improve comparison accuracy.

1 Transactional Adjustments

2 Market Adjustments

3 Property Adjustments

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Hierarchy of Adjustments

1 Transactional Adjustments

These adjustments relate to the conditions of the sale transaction itself.

Element	Description	Short Example
Property rights	Type of ownership transferred	Freehold sale vs. a 20-year usufruct right
Financing terms	Special or non-market financing	Interest-free instalment sale may increase price
Conditions of sale	Normal or distressed sale	Bankruptcy sale usually below market value
Expenditures after sale	Financial obligations after purchase	Buyer must spend 15,000 on repairs

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Hierarchy of Adjustments

2 Market Adjustments

Element	Description	Short Example
Time	Change in prices since the transaction date	Property sold 6 months ago and prices increased by 5% → add 5%

3 Property Adjustments

Element	Details	Short Example
Location	Neighborhood or street	Main street vs. internal street
Physical characteristics	Size and design	140 m ² vs. 120 m ²
Economic characteristics	Income and rent levels	Building with higher rental income
Use	Residential vs. commercial	Residential land vs. commercial land
Non-real estate components	Furniture or equipment	Hotel including furniture and fixtures

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Methods of Adjustment

1 Quantitative Adjustments

1 Qualitative Adjustments

1 Quantitative Adjustments

A) Absolute Value Adjustment

B) Percentage Adjustment

A) Absolute Value Adjustment

Formula:

$$\text{Adjusted Price} = \text{Comparable Price} \pm \text{Adjustment Amount}$$

Item	Value
Comparable property price	500,000
Parking space addition	+15,000
Maintenance cost	-10,000
Adjusted price	505,000

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Methods of Adjustment

1 Quantitative Adjustments

B) Percentage Adjustment

Formula:

$$\text{Adjusted Price} = \text{Comparable Price} \times (1 \pm \text{Adjustment Percentage})$$

Example:

Property sold for 400,000

Location is 5% superior to the subject property.

Adjusted price:

$$400,000 \times 1.05 = 420,000$$

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Methods of Adjustment

1 Qualitative Adjustments

Used when **differences cannot be precisely** measured **numerically**.

Symbol	Meaning	Example
++	Much superior	Highly prime location
+	Superior	Better finishing
=	Similar	Same specifications
-	Inferior	Older building
--	Much inferior	Poor location

Example

Property	Location	Result
Comparable property	Main street	+
Subject property	Internal street	Lower value

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Advanced Analytical Techniques

1 Multiple Regression Analysis

2 Grid Analysis

1 Multiple Regression Analysis

This technique is used when a large amount of market transaction data is available, allowing the valuer to estimate the impact of different variables on price.

Equation:

$$\text{Price} = \beta_0 + \beta_1 (\text{Area}) + \beta_2 (\text{Number of Bedrooms}) + \beta_3 (\text{Location})$$

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Advanced Analytical Techniques

1 Multiple Regression Analysis

Example

If the analysis indicates that:

- Each **square meter** increases price by **1,500 SAR**
- Each **additional bedroom** adds **12,000 SAR**

For an apartment with:

- **120 m²**
- **3 bedrooms**

The approximate value would be:

Area contribution: $120 \times 1,500 = \mathbf{180,000}$

Bedrooms contribution: $3 \times 12,000 = \mathbf{36,000}$

Estimated value $\approx \mathbf{216,000}$

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Advanced Analytical Techniques

2 Grid Analysis

Grid analysis is a **structured table** used to apply all adjustments to comparable properties.

This method requires **several comparable properties** (at least **3–5 according to the RICS Red Book Global Standards 2023**) to ensure reliability and accuracy in deriving the final value.

Example

Property	Price	Location Adjustment	Size Adjustment	Adjusted Price
Comparable 1	480,000	-3%	+1%	470,000
Comparable 2	500,000	0%	-2%	490,000
Comparable 3	520,000	+2%	0%	530,000

Average Value ≈ 497,000

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

4. Adjustments in the Sales Comparison Approach

Market Analysis and Real Estate Indicators

Valuers use **market indicators** to understand **price trends** and **adjust valuation data**.

Indicator	Use	Example
Housing Price Index	Time adjustment	Prices increased by 8% during the year
Investment yield rate	Determining capitalization rate	Market yield 7%
Vacancy rate	Adjusting income projections	10% vacancy
Construction Cost Index	Estimating replacement cost	Construction costs increased 12%

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

5. Documentation and Preparation of the Valuation Report

International standards require full documentation of the valuation process.

Requirements of IVS 103 – Reporting

- Identification of all comparable properties
- Sources of data used
- Explanation of the applied adjustments
- Description of how the final value was derived

1. Market (Sales Comparison) Approach

➤ Steps in Applying the Sales Comparison Approach

5. Documentation and Preparation of the Valuation Report

International standards require full documentation of the valuation process.

Requirements of the RICS Red Book 2023

- A complete comparables table
- A map showing the location of comparable properties
- Analysis of adjustments
- Justification for excluding certain comparables
- Discussion of the confidence level in the results

1. Market (Sales Comparison) Approach

➤ Limitations and Challenges in the Market Approach

Challenge	Solution
Lack of data	Use longer historical time periods
Unique property	Apply the income or cost approach
Immature markets	Expand the range of comparable properties
Conflicting data	Select the most reliable data sources

Lecture Summary: Quick Review

The Main Valuation Approaches

Factors Influencing the Selection of the Valuation Approach

Combining between Valuation Approaches

Market (Sales Comparison) Approach

The Definition According to the Three International Standards

Fundamental Economic Principles

Steps in Applying the Sales Comparison Approach

Limitations and Challenges in the Market Approach



Thank You