

What is a Property Evaluation?

What is the Economic Value of a property ?

This is normally produced by a licensed Appraiser

- **Market comparison approach:** Compares the property being valued with other similar properties that have recently been sold in that area
- **Income or investment approach:** Looks at how much income the property being valued is already generating or could potentially generate
- **Cost approach:** Looks at how much it would cost to build an equivalent property

Each valuation method is independent of the others, meaning an appraiser will mainly use only one approach rather than a combination of all three approaches to determine the value of any one property. The method used may be dictated by the lender in question. And, each approach can arrive at quite different valuations, so it's important to know which valuation method your chosen lender is using. Different valuation methods are used for different situations.

Hiring a good licensed appraisal is a good way to understand the value of the property.