

# **HIRC**

**The High-Risers Club**

**4.23.2024 Appraisal Part 2**

# Coach Jeff Wright

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# Welcome

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Does anyone have anything great to share personally or professionally?



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# Podcast

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- **Last Week: Non-Ideal Conditions for a 1031 Exchange**
- **This Week: Similarities and Differences between Residential and Commercial Real Estate Valuation**

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# Greatness is Within



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# Questions

1. Do you put more emphasis on Income or Sales Approach to Value?
2. In determining value for small MF, say 6 or 8 unit and there are 2 or 3 vacancies. How do you determine rental income for valuation purposes?
3. How to value a vacant property i.e. MF or Mixed-Use?
4. Same question for vacant office building, Church, etc. perhaps that will be re-purposed?
5. How do you value the property if the rental income is below market for the subject property?
6. What are some checklist items that are needed to be prepared prior to an appraisal review?
  - Rent roll and expenses
  - Recent capital improvements
  - Sales/Rent comps as available
  - Info from your OM ( Offering memorandum)

# Questions

7. How do you value the property if the rent roll and profit and loss statements are not available?
8. Do all Lenders have the same criteria for valuating properties and the instructions they provide an Appraiser?
9. Cap rate : How do you select a cap rate?
10. Cap rate : Is there a publication of cap rates that you reference?
11. Commercial New Construction : How do you value multi-tenant buildings that are not fully leased?
12. How do you quantify risk factors and deferred maintenance into the valuation of a property?
13. What are some overlooked areas that an untrained eye will not observe that an appraiser will pay attention to that will affect the value of the property?
14. Operating Expenses.
  - Rule of thumb (% of EGI, for example 35 or 40%)
  - Reserves – are they always included or does it depend upon the Lender?

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<https://www.facebook.com/groups/commercialrealestateforresidentialrealtors>



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*Coach Jeff Wright*

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# Next Session

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## Next Session: Appraisal Part 3

**Tuesday, April 30<sup>th</sup>, 2024  
@ Noon Eastern**

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