

Methodology for Property Appraisal

Mass Appraisal

There are basically only two kinds of appraisal: fee appraisal and mass appraisal. Both types of appraisals utilize the same basic appraisal principles and theories. The fee appraisals consist of three approaches to value, which are detailed in length below, where only one parcel of property is evaluated at a time. Mass appraisal values the entire county where market areas, neighborhoods, subdivisions and large groupings of similar properties are appraised at one time by adopting standard techniques and using uniform rates so that resultant appraised values are equitable for all properties within an acceptable statistical deviation.

The property appraiser has three primary methods available for consideration in determining your property's values, that is; through the sales comparison approach, the cost approach and the income approach.

The Sales Comparison Approach

In order to determine the value of your property, the property appraiser must first know what properties have sold, and how much they are selling for in today's market. By maintaining a database of real estate transactions we can arrive at the property value by studying sales of comparable properties. This is the sales comparison approach to property valuation.

The Cost Approach

This method of appraising property is based on how much it would cost today to build an identical structure on the property. If the property is not new, we must also determine how much the building has lost value over time (depreciated). The value of the underlying land must also be determined.

The Income Approach

This method is preferred when evaluating income-producing rental and commercial property. The amount of revenue your property would produce if it were rented as apartments, a store, or an office building. Consideration is given to operating expenses, taxes, insurance, maintenance costs, and the return or profit that could be reasonably expected on the property.