

# Valuing Properties

---

## I. Types of Investments

- a. Loan Type
  - i. Bonds
  - ii. Mortgages
- b. Equity Type
  - i. Stocks
  - ii. Collectibles (art)
  - iii. Real Estate
- c. Why invest in real estate?
  - i. Never Zero
  - ii. Can't be destroyed
  - iii. Rate of return

## II. Valuing Real Estate

- a. Income Approach
  - i. Cap Rate = ***The process of converting a future income stream into a present value.***
  - ii. Rate = First Year NOI / Investment Value or income/price
  - iii. Based on rent money
  - iv. Cap rate – matches the way an investor thinks
- b. Sales Comparison
  - i. Find comps
  - ii. Adjust for variances
- c. Cost Approach
  - i. Cost to reproduce
  - ii. Adjust for depreciation
  - iii. Estimate land / improvements value

## III. Pitfalls

- a. HABU – (Highest and Best Use)
- b. Sales Comparison – Need plenty of comps
- c. Cost Approach – works well for new construction

## IV. Real Life

- a. Listings – How do you decide on a list price when the owner feels it's worth more?
- b. Marketing – How do you represent an over-priced property to a prospect?
- c. Buyer's Agent – How do you find value in properties?



**Anthony Homer**  
1335 Second St.  
Sarasota, FL  
941-321-7323  
ahomer@hembreeco.com

