

# Analysis of Property Valuation for Residential Building

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**Abstract-** In this paper we have studied the actual concept of valuation. How Valuation plays a vital role in the field of Civil Engineering and Construction Industry. We have calculated the cost of construction for various locations such as Goregaon, Virar, Dahanu and compared the cost of construction in above mentioned locations with help of different parameters. Valuation is mainly based on the different parameters.

**Index Terms-** Cost of Construction, Parameters, Real Estate Property, Valuation.

## I. INTRODUCTION

Valuation is an art of assessing the Present Fair Value of a Property at a stated time. Valuation of anything is an estimate of the value of that thing in terms of money. It only attempts at suggesting the fair prices. Rises and falls of Fair price can occur in a very short space of time. It follows therefore that all valuations must clearly state the date to which the valuation relates, since time is the essence of all valuations. The valuation of real estate is therefore required to provide a quantitative measure of benefit and liabilities accruing from ownership of the real estate. Valuation is required and often carried out, by a number of different players in the market place. These may include:

- ❖ Real Estate Agents;
- ❖ Appraisers;
- ❖ Assessors;
- ❖ Mortgage lenders;
- ❖ Brokers;
- ❖ Property developers;
- ❖ Investors and Fund managers;
- ❖ Market researchers and Analyst.

This project aims to examine valuation of real estate properties and their comparative analysis with respect to the purpose for which the valuation is done and the approach that is used for valuation.

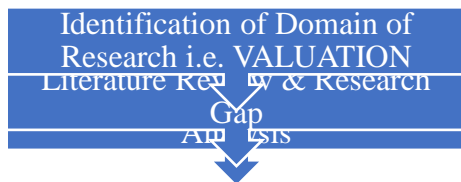
Research methodology details out the actual action plan of research work. It starts with selection of research area or topic of interest, followed by thorough review of literature in the same area which helps to identify the research gap. All these small steps lead to formulation of problem statement and research objectives which clarifies the vision of entire research work. The various tools and techniques used for collection of data and the mathematical or statistical or any other means that are used for analysis of the collected data are detailed in research methodology. This is the core of any research work and the same for this research work is represented in flow chart as follows:

Parameters	Goregaon	Virar	Dahanu
Location	30 %	30 %	40 %
Specification.	30 %	30 %	20 %
Commercial Real Estate	15 %	13 %	10 %
Customisation.	15 %	17 %	15 %
Amenities/ Services	10 %	10 %	15 %

Parameter wise cost for each of the location

Parameters	Goregaon	Virar	Dahanu
Location	Rs. 54,00,000	Rs. 39,00,000	Rs. 42,40,000
Specification.	Rs. 54,00,000	Rs. 39,00,000	Rs. 21,20,000
Commercial Real Estate	Rs. 27,00,000	Rs. 16,90,000	Rs. 10,60,000
Customisation.	Rs. 27,00,000	Rs. 22,10,000	Rs. 15,90,000
Amenities/ Services	Rs. 18,00,000	Rs. 13,00,000	Rs. 15,90,000
<b>Total</b>	<b>Rs. 1,80,00,000</b>	<b>Rs. 1,30,00,000</b>	<b>Rs. 1,06,00,000</b>

9. Betterment charges.
10. Wealth tax and Estate duty.
11. Gift tax.
12. Probate.
13. Partition.
14. Assessment of Income and Stamp Duty.



**Total Cost of Construction of Building in three different location**

1. Goregaon – Rs. 1,80,00,000/-
2. Virar – Rs. 1,30,00,000/-
3. Dahanu – Rs. 1,06,00,000/-

**Parameters Of Comparison For Rates**

- Location & Infrastructural development.
- Specification.
- Commercial Real Estate.
- Customization.
- Amenities/ Services

**8. Speculation.**

**Various purposes of valuation**

1. Purchase for Investment.
2. Tax Fixation. 3. Sale.
4. Rent Fixation.
5. Insurance Premium.
6. Mortgage value or Security of loans.
7. Compulsory acquisition.
8. Speculation.

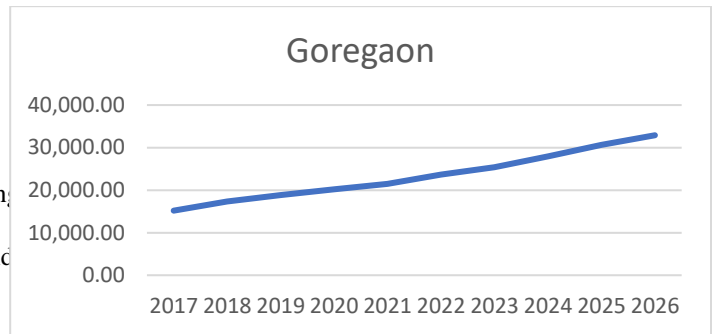
Method : Cost Method

1. The cost approach is a real estate valuation method that surmises that the price a buyer should pay for a piece of property should Equal the cost to build an equivalent building.

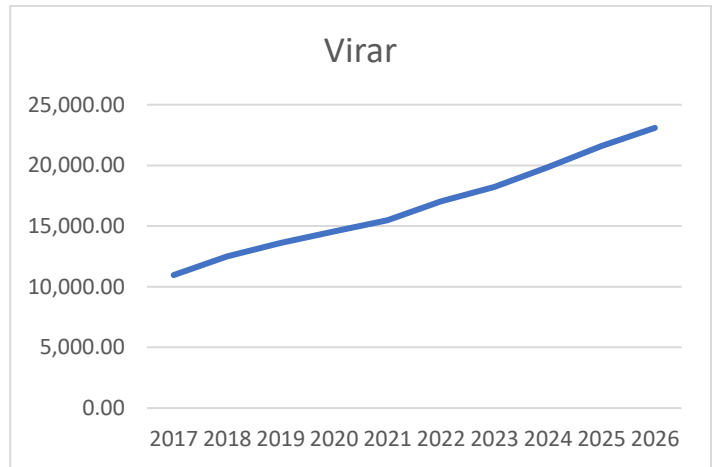
2024	27,926.22	19,849.71	16,093.92
2025	30,615.94	21,594.50	17,508.58
2026	32,905.00	23,093.16	18,723.68

2. In cost approach appraisal, the price of property is equal to the Cost of land plus cost of construction, less depreciation. It yields The most accurate market value when the property is new.

3. The use of the cost approach to estimate the most probable selling Price is rooted in the idea that the market value of a property should be The same as what it would cost to produce an identical property.

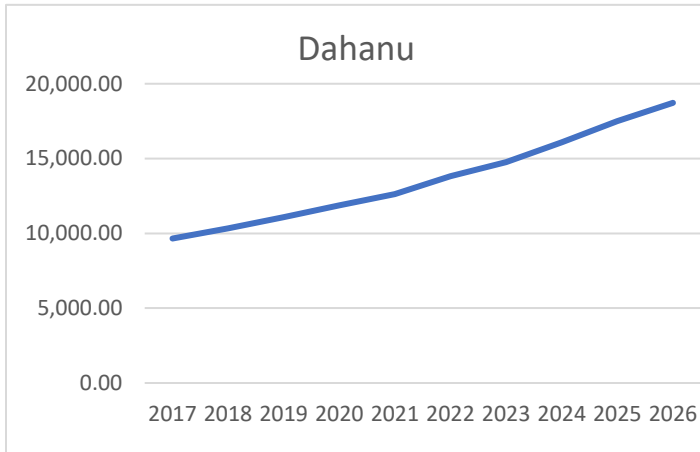


Following that logic, the cost approach looks like this: Market Value = Replacement (or reproduction) cost of the subject property's Improvements as if new, minus accrued depreciation on the Improvement, plus land value.



Future Predictions

YEAR	Goregaon	Virar	Dahanu
2017	15,180.75	10,962.71	9,655.29
2018	17,300.50	12,493.12	10,332.04
2019	18,840.25	13,606.10	11,094.21
2020	20,160.25	14,559.77	11,871.81
2021	21,451.04	15,492.42	12,632.28
2022	23,670.72	17,041.66	13,817.18
2023	25,416.72	18,212.42	14,766.42



## CONCLUSION

After the Graphical representation, as a matter of further analysis or study, we have executed the thorough exercise on all the four options to arrive at the best probable equation compatible with the real estate history scenario.

In this situation, we had consulted the known senior valuer in practice, Sanjay Eknath Joshi (B.E. Civil, Chartered Engineer, Registered Valuer and Consultant) and sought his vital opinion and requested to highlight and guide us to reach the desired goal. During the discussions, the respected senior valuer by appreciating our efforts, advised to focus on the two options namely. Previous Year Rate and Future Rate Prediction, which in their opinion are closer in the real variations which took place during the period of analysis

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