

BUILDING VALUE

Generally, the most important variables that determine the value of residential buildings are:

- **age (vintage).**
- **architecture (style)**
- **condition**
- **finish**
- **materials of construction**
- **structure type**
- **size**
- **inclusions - see above**
- **ground improvements - see above.**

[See age - vintage](#)

[See architecture - style](#)

[See condition](#)

[See finish](#)

[See materials - walls](#)

[See structure](#)

[See effective area - equivalent area](#)

LAND

Land value is determined using the direct comparison method as shown above or by analyzing the value from sales of houses using the summation method. The main component of land value is whether or not a house can be built on the land. Therefore, the extra or marginal value of land over and above that value is less per square metre than the basic building block.

Factors affecting land value includes:

- **shape (plottage)**
- **slope**
- **views**
- **outlook eg a northerly aspect**
- **crossfall**
- **inside or corner block**

- on the high side or low side of the the road.
- condition of the road and access to the block.

ANALYZING VALUES WITH THE SUMMATION METHOD

To analyze sales using the summation method, the known parts are substituted in the summation formula to find the unknown part. For example:

ANALYZING A HOUSE SALE TO FIND THE VALUE OF THE BUILDING

SALE PRICE:	250 000
LESS LAND VALUE:	(80 000)
LESS GROUND IMPROVEMENTS:	(5 000)
LESS GARAGE:	(4 500)
LESS INCLUSIONS:	(3 000)

BUILDING CARCASS VALUE:	157 500
Divide by the effective area: /200m²	\$787.50/m²

ANALYZING A HOUSE SALE TO FIND LAND VALUE

SALE PRICE:	250 000
LESS BUILDING VALUE:	(160 500)
LESS GROUND IMPROVEMENTS:	(5 000)
LESS GARAGE:	(4 500)
LESS INCLUSIONS:	(3 000)

LAND VALUE:	77 000

[See site value](#)

See replacement cost new method
See building value - questions

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