

Sales Comparison or Market Approach:

The sales comparison or market approach to value develops an estimate of value by comparing the subject to similar properties that have recently sold. The focus is on sales prices of similar properties. It is the most reliable approach to value in an active sales market. This approach is best suited for residential properties.

Cost Approach:

The cost approach to value estimates value by calculating what it would cost to develop a new property with the characteristics of the property being appraised then adjusting the cost to reflect the actual condition and circumstances. The calculated value of the structures is then added to the land value for an overall property value, very accurate for new properties. Best approach for unique properties where there are no sales and there is no income being derived from the property.

Income Approach:

The income approach to value relies on the concept that income over a period of years can be capitalized or converted to a lump sum that represents what someone would pay to purchase the right to receive the income. This lump sum is also called present worth. It is the most meaningful value indicator for properties that produce income (offices, apartments, hotels/motels).

Please feel free to contact
Collingsworth County Appraisal District
if you have questions or comments
concerning the information
in this brochure.