

# Comparative Valuation Study Of Commercial Building In Jalgaon

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*Abstract: Valuation is the technique of estimating or determining the fair price or value of a property such as a building, a factory, other engineering structures of various types, land etc.*

*The present value of a property is determined by valuation. The present value of the property may be decided by its selling price, or income or rent it may fetch. The value of property depends on its structure, life maintenance, location, bank interest, legal control, etc. The value also depends on supply on demand and the purpose for which valuation is required.*

*The total value of the property is depending on locality of the building, Frontage of building, Age of the building and the Appearance of the building. The market rate of property is totally differing from the government rate. The Age of building plays important role in the valuation of commercial building. In the Reckoner rate manual the government rate of construction is very high as compare to the market rate of construction, but in opposite case the government rate of the land is very low as compare to market rate of land. The two valuation report the value of Apartment building, Jilha peth is double than the Kaminikamal Hospital, because of the value is totally depend on the location of the building.*

## I. INTRODUCTION

Valuation is the technique of estimating or determining the fair price or value of a property such as a building, a factory, other engineering structures of various types, land etc.

The present value of a property is determined by valuation. The present value of the property may be decided by its selling price, or income or rent it may fetch. The value of property depends on its structure, life maintenance, location, bank interest, legal control, etc. The value also depends on supply on demand and the purpose for which valuation is required.

### A. CONCEPT OF VALUATION

The property valuation process has been carried out manually since the profession was introduced in this country very long time ago. This might be one of the reasons why the profession has been criticized of producing poor quality valuation. A valuation is said to be of poor quality when it is inaccurate, inconsistent, inefficient, illogical, unconvincing, unacceptable and unreliable.

Valuation means the provision of a written opinion as to capital price or value, or rental price or value, on any given basis in respect of an interest in property, with or without associated information, assumptions or qualifications. However, it does not include a forecast of value.

Valuation is simply a model to try to determine price. Value is the end result. It is the quantification of an understanding of the market; the legal impact; the physical constraints; the planning regime; the availability of finance; the demand for product and the general economy all influence the value of property.

Thus, in the property market, what is often called a 'valuation' is the best estimate of the trading or spot price of a building/land.

### B. PURPOSE OF VALUATION

The purpose of valuation to be undertaken by banks and housing finance institutions is to ascertain the value of the property for

- ✓ the purpose of ascertaining the amount to be given as a loan

- ✓ the purpose of periodically ascertaining the value of the property that has been mortgaged, whether it is increasing or decreasing over the mortgage period
- ✓ for the purpose of realizing the value of nonperforming assets ( NPAs ) and
- ✓ for the purpose of resumption of properties in cases of default.

In order to ascertain the value of properties for any of the above purposes, banks and housing finance institutions may appoint external independent valuers for undertaking valuations.

Banks that use property as collateral for loans;

Shareholders that have invested in quoted companies and the companies themselves that become vulnerable to take-overs and asset stripping if the properties they own are not regularly and correctly valued in the balance sheet;

- ✓ House-buyers;
- ✓ Future pensioners whose savings are invested by funds;
- ✓ Whole economies that depend on stable banking systems.

An estimate of value may be required for a number of purposes. Several are common and provide what is often considered the 'bread and butter' of valuation firms. Others are specialist in nature and require the skill and training of the valuer to be directed towards the specific nature of the valuation process and interest being considered.

#### C. SCOPE

- ✓ The nature of real estate, the method of conducting transactions, the lack of information generally available on the transactions, all contribute to the imperfections of competition in the property market.
- ✓ Apart from structural differences in any building, each piece of real estate is unique by reason of location. The majority of transactions in the property market are conducted privately and even if the results of the transactions were available they would not be particularly helpful in the absence of detailed information on such matters as the extent and state of the buildings and the tenure.
- ✓ The degree of imperfection does, however, differ in different parts of the market. Retail units in shopping centres and offices in purposes built business parks as well as town houses and apartments, for example, are fairly homogenous, and this will increase the comparability of these units with each other.
- ✓ It is important to note that the property market is not a single entity, and could be described as being composed of a number of sub-sectors; local, national and international; residential, commercial, agricultural etc. For example, residential properties required for occupation would normally form part of the local market. A person looking for a house to live in is rarely indifferent to its location because it must be conveniently situated usually in relation to his/her place of work and perhaps that of his/her spouse, and to educational facilities for his/her children.

#### D. OBJECTIVES OF SEMINAR

- ✓ To study the concept of valuation of commercial building.
- ✓ To study the methods of valuation of commercial building.
- ✓ To know the all phases used in valuation of commercial building.
- ✓ Find out the variation in the value of the commercial building with comparing the two commercial building at different location.

## II. LITERATURE REVIEW

This paragraph will give brief introduction of chapter. Investigation in Valuation of commercial building is a vast topic having and huge research going on several aspects of this topic. Various authors have different contribution in their own respective method or technique. It becomes intense need to learn and understand the views of various authors from various parts to give our own contribution on this topic. Purpose of this chapter in this report is to highlight the work done on Investigation in Valuation of commercial building and give some terms which will be useful further in this report.

DAVID BRUNORI ET.AL 2001

The author investigates two main questions regarding the state-level requirements governing the valuation of land and improvements for property tax purposes. The First thing author investigate , does state law directly or indirectly address the issue of whether land must be valued separately from improvements for property tax purposes? In this regard, improvements are defined as non-natural attachments (i.e., buildings and other structures) to the land. In examining this question, his research was limited to valuation for property taxation. His report does not focus on the related issue of whether the land and improvements must be assessed separately, although the results indicate that the laws in many states use the term assessment and valuation interchangeably. And he also clarify the report does not examine the legal authorities that govern whether land and improvements can be taxed at different rates. The Second thing author investigate, do local governments have a process which values land separately from buildings, houses, and other improvements? His paper examines the law and valuation practices in nineteen states and the District of Columbia.(1)

RICHARD K.AT.AL

The author done valuation of an independent power project is addressed by considering the three traditional approaches to valuation: the discounted cash flow approach, the cost approach, and the market approach. By considering these three valuation approaches, the relevant issues pertaining to the facility can be studied and a determination of value reached. A hypothetical facility valuation whereby the owner of the Deep Well geothermal power project is contemplating the sale of the project and desires to know the value of the

facility will illustrate the concepts associated with the valuation methodologies.(2)

RICHARD ALMY 2013

In this paper author addresses the following questions about immovable property taxation in OECD (Organisation for Economic Co-operation and Development) and partner countries: What is valued? How is it valued? And who values? It draws on published information and data on property tax policy and administration in 172 countries. It focuses on value-based taxes and the features of mass valuation systems. Main system options (such as whether taxes are based on annual rental values or capital values as reflected by sales prices) are described and briefly evaluated. It notes that valuation practices frequently ignore revaluation requirements; it identifies four areas for improving valuation performance based on the experiences of leading systems.(3)

SIMANTI BANDYOPADHYAYI

The author studied that valuation can be done based on the capital value, rentals or area of the properties. While capital values are subject to market fluctuations, rent controlled properties create distortions in the rental value based methods. Valuation based on unit area characteristics are safer options with less fluctuations. Many developing countries have opted for unit area based valuations.(4)

R.QAISER

The author studied that the indemnity provided in a insurance policy can be on market value, reinstatement value or agreed value basis. And also study the principle of average will apply if the sum insured does not correctly reflect the value of assets and the same is under insured. Proper valuation of asset for the purpose of fixing sum insured is therefore very important.(5)

### III. METHODS OF VALUATION

- ✓ Rental Method of Valuation
- ✓ Direct Comparisons of the capital value
- ✓ Valuation based on the profit
- ✓ Valuation based on the cost
- ✓ Development method of Valuation
- ✓ Depreciation method of Valuation
- ✓ Market-based valuation of assets
- ✓ 3.8. Bases other than market-based valuation

#### A. RENTAL METHOD OF VALUATION

In this method, the net income by way of rent is found out by deducting all outgoing from the gross rent. A suitable rate of interest as prevailing in the market is assumed and Year's purchase is calculated. This net income multiplied by Year's Purchase gives the capitalized value or valuation of the property. This method is applicable only when the rent is known or probable rent is determined by enquiries.

#### B. DIRECT COMPARISON WITH THE CAPITAL VALUE

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalized value of the property is fixed by direct comparison with capitalized value of similar property in the locality.

#### C. VALUATION BASED ON PROFIT

This method of Valuation is suitable for buildings like hotels, cinemas, theatres etc for which the capitalized value depends on the profit. In such cases, the net income is worked out after deducting gross income; all possible working expense, outgoings, interest on the capital invested etc. The net profit is multiplied by Year's Purchase to get the capitalized value. In such cases, the valuation may work out to be high in comparison with the cost of construction.

#### D. VALUATION BASED ON COST

In this method, the actual cost incurred in constructing the building or in possessing the property is taken as basis to determine the value of property. In such cases, necessary depreciation should be allowed and the points of obsolescence should also be considered.

#### E. DEVELOPMENT METHOD OF VALUATION

This method of Valuation is used for the properties which are in the underdeveloped stage or partly developed and partly underdeveloped stage. If a large place of land is required to be divided into plots after providing for roads, parks etc, this method of valuation is to be adopted. In such cases, the probable selling price of the divided plots, the area required for roads, parks etc and other expenditures for development should be known.

If a building is required to be renovated by making additional changes, alterations or improvements, the development method of Valuation may be used.

#### F. DEPRECIATION METHOD OF VALUATION

According to this method of Valuation, the building should be divided into four parts:

- ✓ Walls
- ✓ Roofs
- ✓ Floors
- ✓ Doors and Windows

And the cost of each part should first be worked out on the present day rates by detailed measurements.

The present value of land and water supply, electric and sanitary fittings etc should be added to the valuation of the building to arrive at total valuation of the property.

#### G. MARKET-BASED VALUATION OF ASSETS

Market value is defined as the estimated amount on the date of valuation for which an asset must be exchanged

between a willing buyer and a willing seller. The transaction must be at arms-length and after proper marketing. Each party should act knowledgeably, prudently and without compulsion.

Estimating market value should assume the highest and best use of the subject asset. In estimating this use, one needs to analyse other uses – possible, permissible, feasible and, finally, the highest and best use.

The following four conditions need to be met to estimate the highest and best use:

- ✓ The use must be legal
- ✓ The use must be probable and not speculative or conjectural
- ✓ There must be a profitable demand for such use
- ✓ It must bring the asset the highest net return for the longest period of time.

#### *a. VALUATION OF LAND*

- ✓ To estimate and report the market value of land, the valuer must:
- ✓ Set forth the valuation in a clear and non-misleading manner
- ✓ Ensure that the estimate is based on appropriate market data. The market comparables considered should be plots of similar size and use as the land being valued. The valuer must conduct adequate and relevant research for market comparables and analyse it to draw well-informed and supportable judgements
- ✓ Apply higher judgement in case of agricultural land to select the comparables. The valuer should preferably have a graduate degree in agricultural science and/or have been formerly employed as a collector, deputy collector, settlement officer, land valuation officer, superintendent of land records, agricultural officer, or registrar under the registration Act 1908
- ✓ In case of valuation of agricultural lands, if the valuation is more than Rs. 10 crore, valuer must be a body corporate and should have a Pan India presence and/or in case of a firm being valuer, all partners should be members of Institution of Valuers
- ✓ Ensure that the estimate is reached using the appropriate, widely accepted methods and techniques
- ✓ Provide sufficient information to permit those who read and rely on the report to fully understand its data, reasoning, analyses and conclusions.
- ✓ Comply with the requirements of the standards and reporting.
- ✓ Define the value being estimated; state the purpose and intended use of the valuation, the effective date of valuation and the date of the report
- ✓ Clearly identify and describe the land and ownership rights or interests being value
- ✓ Physically inspect the land and describe the scope and extent of the work undertaken
- ✓ State clearly the assumptions and limiting conditions upon which the valuation is based. Do not unquestioningly accept the data collected in an “as is where is” form, but also consider all pertinent market evidence, trends, recent transactions, etc.

- ✓ Explain completely the valuation basis and approaches applied and the reasons for the applications and conclusions
- ✓ Include a signed compliance certificate attesting the valuer objectivity, professional contribution, unbiased opinion, non-contingency of professional fee and other compensation as well as applicability of standards and disclosures

#### *b. VALUATION OF BUILDINGS*

- ✓ To estimate and report the market value of a building, the valuer must:
- ✓ Set forth the valuation in a clear and non-misleading manner
- ✓ Ensure that the estimate is based on market derived data. Market valuations are generally based on comparable buildings. The valuer must conduct adequate and relevant research for market comparables and analyse it to draw well-informed and supportable judgements
- ✓ Ensure that the estimate is reached using the appropriate, widely accepted methods and techniques
- ✓ Provide sufficient information to permit those who read and rely on the report to fully understand its data, reasoning, analyses and conclusions.
- ✓ Comply with the requirements of the standards and reporting
- ✓ Define the value being estimated; state the purpose and intended use of the valuation, the effective date of valuation and the date of the report
- ✓ Clearly identify and describe the building and property rights or interests being valued
- ✓ Physically inspect the building, describe the scope and extent of the work undertaken, and the extent to which the building was inspected
- ✓ State clearly the assumptions and limiting conditions upon which the valuation is based. Do not unquestioningly accept the data collected in an “as is where is” form, but also consider all pertinent market evidence, trends, recent transactions, etc.
- ✓ Explain completely the valuation basis and approaches applied and the reasons for the applications and conclusions
- ✓ Include a signed compliance certificate attesting the valuer objectivity, professional contribution, unbiased opinion, non-contingency of professional fee and other compensation as well as applicability of standards and disclosures

#### *c. VALUATION OF PLANT AND MACHINERY*

To estimate and report the market value of plant and machinery, the valuer must:

- ✓ Set forth the valuation in a clear and non-misleading manner
- ✓ Ensure that the estimate is reached using the appropriate, widely accepted methods and techniques
- ✓ Provide sufficient information to permit those who read and rely on the report to fully understand its data, reasoning, analyses and conclusions.

- ✓ Comply with the requirements of the standards and reporting
- ✓ Define the value being estimated; state the purpose and intended use of the valuation, the effective date of valuation and the date of the report
- ✓ Identify clearly and describe the plant and machinery, and ownership rights or interests being valued
- ✓ Physically inspect the plant and describe the scope and extent of the work undertaken, and the extent to which the plant was inspected
- ✓ State clearly the assumptions and limiting conditions upon which the valuation is based. Do not unquestioningly accept the data collected in an "as is where is" form, but also consider all pertinent market evidence, trends, recent transactions, etc.
- ✓ Explain completely the valuation basis and approaches applied and the reasons for the applications and conclusions
- ✓ Include a signed compliance certificate attesting the valuer objectivity, professional contribution, unbiased opinion, non-contingency of professional fee and other compensation as well as applicability of standards and disclosures

Additionally, the valuer should clearly and unambiguously make the following disclosures, as applicable:

- ✓ Make a proper disclosure where market data is limited or essentially nonexistent, and state whether the estimate is in any way limited by the inadequacy of data
- ✓ State clearly whether the market value estimate is based on market evidence, or upon the valuer judgement because of the nature of the building and lack of comparable market data
- ✓ Include specific references on how the land has been viewed in terms of its utility or its highest and best use, and a statement of all substantive assumptions

Any departure from this standard should be clearly stated in the valuation report along with the reasons and justification for the same. The special circumstances which warranted departure from the established norms need to be adequately explained.

#### H. BASES OTHER THAN MARKET-BASED VALUATION

Valuation on bases other than the market requires valuers to make additional assumptions. These are often more specific than those required to establish market value as they may relate to the circumstances of a particular party.

The other valuation bases fall into the following three principal categories:

- ✓ *FIRST CATEGORY:* This includes the benefits that an entity enjoys from the ownership of an asset. The value is specific to that entity. Although under some circumstances the same amount could be realised from the sale of the asset, this value essentially reflects the benefits received from holding the asset. It therefore does not necessarily involve a hypothetical exchange. Investment value falls in this category.
- ✓ *SECOND CATEGORY:* This reflects the price that two specific parties would agree upon to exchange an asset.

Although the parties may be unconnected and negotiate at an arm's length, the asset is not necessarily exposed in the wider market, and the price agreed upon may reflect the specific advantages or disadvantages of ownership to the parties involved rather than the market at large. This category includes fair value, special value and synergistic value.

- ✓ *THIRD CATEGORY:* This is the value determined in accordance with a definition set out in a statute or a contract. The definitions of bases other than market-based valuation:

- *Fair value:* The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction
- *Investment value:* The value of a property to a particular investor, a class of investors or an entity, with specific investment and/or operational objectives/criteria. This value is thus a subjective concept
- *Special value:* An amount above the market value that reflects the particular attributes of an asset that are of value only to a special purchaser
- *Synergistic value:* An additional element of value created by the combination of two or more interests, where the value of the combined interest is worth more than the sum of the original interests.

The valuation methodology for assets with bases other than market should follow similar standards as laid out in sections 5.2.1.A, 5.2.1.B and 5.2.1.C for land, building, and plant and machinery respectively. In addition to these standards, the valuer should ensure the following:

- ✓ Distinguish clearly and unambiguously that the reported value is not a market value estimate
- ✓ Explain fully the valuation basis approaches applied, the reasons for the applications and the conclusions
- ✓ Include all data used for valuation and disclose whether the estimate is in any way limited by the inadequacy of data Any departure from this standard should be clearly stated in the valuation report along with the reasons and justification for the same. The special circumstances which warranted departure from the established norms need to be adequately explained.

#### IV. CHAPTER 4

##### A. VALUATION OF COMMERCIAL BUILDING

A commercial building is a building that is used for commercial use. Types can include office buildings, warehouses, or retail (i.e. convenience, 'big box' stores, shopping malls, etc.). In urban locations, a commercial building often combines functions, such as an office on levels 2-10, with retail on floor 1. Local authorities commonly maintain strict regulations on commercial zoning, and have the authority to designate any zoned area as such. A business must be located in a commercial area or area zoned at least partially for commerce.

## B. TYPES OF COMMERCIAL BUILDING

### a. SHOPS

All properties having the physical characteristics of a shop and generally used for retail trade i.e. supplying the general public or "the trade" with goods or services.

### b. OFFICES

Occupying retail type properties in recognized shopping locations.

Properties which physically resemble shops are frequently used for "office" purposes such as banks, building societies, solicitors, architects, accountants.

### c. RESTAURANTS, CAFÉS AND HOT FOOD TAKE AWAY

Occupying retail type properties in recognized shopping locations. Frequently subjects which physically resemble shops are used as Restaurants, Cafe's etc for the consumption of food on the premises.

### d. SUPERMARKETS & SUPERSTORES

Large supermarkets and superstores are to be valued on the gross internal method of valuation.

### e. LARGE SHOPS & DEPARTMENT STORES

### f. RETAIL WAREHOUSES

Retail warehouses are usually readily identifiable as a separate type of retail property.

## C. DATA REQUIRED FOR VALUATION OF COMMERCIAL BUILDING

### a. PROPERTY DETAILS

- ✓ Name of the Applicant
- ✓ Document perused
- ✓ Location of Property Survey Number I Gat No. Block/ Plot, Village I Taluka, District I Municipality I Corporation
- ✓ Location sketch verified
- ✓ Boundaries and Dimensions
  - North I Front
  - South I Rear
  - East I Left (Side 1)
  - West I Right (Side 2) Extent
- ✓ Type of the property g. Occupant
- ✓ Usage of the Building (Explain ratio of each type)
- ✓ Details of the Nearby Landmark
- ✓ Development of surrounding area with Special reference to population
- ✓ Whether basic amenities like water electricity, roads, sewerage, and telephone area available?

- ✓ Any negatives to the locality (Crematoriums, slums, riot prone, gases chemical hazards etc.
- ✓ Any favorable consider for additional value
- ✓ Any feature like board of other finance Indicating mortgage, notice of court/any Authority which may affect the security

### b. DRAWING

- ✓ Whether the approved drawing is available
- ✓ Approval No. & date
- ✓ What are the deviations between approved Drawing & actual?
- ✓ Whether deviation is minor / major in nature:

### c. BUILDING DETAILS

- ✓ Marketability of the Property
- ✓ Age of the building
- ✓ Future Residual life expected
- ✓ Specification Foundation Roof Flooring
- ✓ Quality of Construction (Exterior & Interior)
- ✓ Whether the construction carried out/ being carried out adhere to the safety specifications prescribed in the national I bldg code of India 2005: N.A
- ✓ Whether any high tension wire lines are passing through the property: No H.T lines are passing.

## D. VALUATION REPORT FORMAT LIC HOUSING FINANCE LIMITED AREA OFFICE: JALGAON VALUATION REPORT BY PANEL VALUER FOR HOME LOAN

File No. :-  
Market Valuation.  
Name of the Valuer:-  
Code No.:-  
Date of Inspection:-  
Valuation for Completed Building Scheme

### a. PROPERTY DETAILS

- ✓ Name of the Applicant :-
- ✓ Document perused:-
- ✓ Location of Property Survey Number:-
- ✓ Gat No. Block/ Plot,
- ✓ Village /Taluka, District / Municipality / Corporation:-
- ✓ Location sketch verified:-
- ✓ Boundaries and Dimensions:-
  - North I Front
  - South I Rear
  - East I Left (Side 1)
  - West I Right (Side 2) Extent:-
- ✓ Type of the property g. Occupant:-
- ✓ Usage of the Building (Explain ratio of each type):-
- ✓ Details of the Nearby Landmark:-
- ✓ Development of surrounding area with Special reference to population:-
- ✓ Whether basic amenities like water electricity, roads, sewerage, and telephone area available?:-

- ✓ Any negatives to the locality (Crematoriums, slums, riot prone, gases chemical hazards etc.):-
- ✓ Any favorable consider for additional value:-
- ✓ Any feature like board of other finance Indicating mortgage, notice of court/any Authority which may affect the security:-

*b. DRAWING*

- ✓ Whether the approved drawing is available:-
- ✓ Approval No. & date:-
- ✓ What are the deviations between approved Drawing & actual?:-
- ✓ Whether deviation is minor / major in nature:

*c. BUILDING DETAILS*

- ✓ Marketability of the Property
- ✓ Age of the building
- ✓ Future Residual life expected
- ✓ Specification Foundation Roof Flooring
- ✓ Quality of Construction (Exterior & Interior)
- ✓ Whether the construction carried out/ being carried out adhere to the safety specifications prescribed in the national I bldg code of India 2005: N.A
- ✓ Whether any high tension wire lines are passing through the property: No H.T lines are passing.

*d. VALUATION DETAILS*

(Exclude the value of items for which the estimate for improvement I renovation have been submitted by the applicant)

- ✓ Value of the property (If it is a House)

Description	Area	Unit Rate Market Value	Estimated Value	Govt. Guide Line Rate	Guide Line Value
Land					
Building					
GF					
FF					
Amenities					
Total Value					

State the source for arriving Well developed & good Locality at the Market Value.

Table 1

- ✓ Value of the property (if it is a Flat)
- ✓ Undivided Share of the Land (If applicable)
- ✓ Built up Area of the Flat
- ✓ Adopted unit composite Rate

Estimated Value of the Flat	Unit Rate	Market Value	Guideline Rate	Guide Value

Table 2

V. ESTIMATE FOR IMPROVEMENT (IF APPLICABLE)

- ✓ Description of improvement works
- ✓ As per applicants estimate
- ✓ Amount estimated by the applicant
- ✓ For the improvement works
- ✓ Whether the estimate submitted by the Applicant is reasonable?
- ✓ If not, what would be the reasonable estimate:

VI. PROGRESS OF WORK (IF APPLICABLE)

Value of improvement work completed

Sr.No.	Description of Works	Amount incurred as per	
		Applicant's estimate	Valuer's opinion
1.	Market valuation only.	-	
	Total	-	-

Table 3

VII. ESTIMATE VALUE OF PROPERTY AFTER ABOVE IMPROVEMENT

VIII. REMARKS IF ANY

IX. CERTIFICATE

I declare that I have personally inspected the site and building on 16.10.2015 Above structure is safe & sound further declares that all above particulars and information given in this report is true to the best of my knowledge and belief.

I declare that I am not associated with the builder or with any of his associate companies or not with the borrower directly or indirectly in the past or in the present and this report have been prepared by me with highest professional integrity.

I declare that Location & marketability of the block is good, so as Govt. guideline value is less than the actual market valuation.

Place Jalgaon  
Date: 17.10.2015

Signature:

A. GOVERNMENT RATES FOR VALUATION OF COMMERCIAL BUILDING

The government rate takes from Reckoner Rate of Maharashtra government. This rate is as district wise and change per year. These new rates will be used in effect from January 2015 for calculating minimum registration and stamp duty charges while registering property and these changes will

tremendously hike in the property prices. The Reckoner rate as per survey number. The government rate of building is very low of its market value, but the construction rate of the government is very high as compare to market rate.

The following table shows Reckoner rates.

Figure 1.1: Reckoner Rates

X. CASE STUDY

After the done of all the study about the valuation, I do the two commercial building valuation.

THE FIRST VALUATION I DO FOR APARTMENT BUILDING FOR DR. PRASHANT SHANTILAL JAIN (BUILDING NO. 1)

- His property details
  - ✓ Address: - Jilha Peth, B/h India Garage, Jalgaon.
  - ✓ Type of the property: - R.C.C Structure.
  - ✓ Usage of the Building :- Residential+ Commercial
  - ✓ Marketability of the Property:- Good
  - ✓ Age of the building:- 4 to 5 yrs old construction
  - ✓ Future Residual life expected:- 65 to 66 yrs
  - ✓ Total Value of building as per market :- Rs.8.40.98.463/-
  - ✓ Total Value of building as per Government Rate :- Rs.2.02.82.841/-
- The total report is an Annexure 1

THE FIRST VALUATION I DO FOR APARTMENT BUILDING FOR DR. KISHOR KAMALSING PATIL (BUILDING NO. 2)

- His property details
  - ✓ Address: - "Kaminikamal Hospital", Opp.Sushrut Hospital, Jalgaon.
  - ✓ Type of the property: - R.C.C Structure.
  - ✓ Usage of the Building :- Residential+ Commercial
  - ✓ Marketability of the Property:- Good
  - ✓ Age of the building:- 1 yrs old construction
  - ✓ Future Residual life expected:- 69 yrs
  - ✓ Total Value of building as per market :- Rs. 4,11,21,380/-
  - ✓ Total Value of building as per Government Rate :- Rs.1,55,68,116/-
- The total report is an Annexure 2

A. REPORT SUMMARY

- ✓ The both building are Constructed R.C.C. (G+3) structure and locate is in good locality. The ages of buildings are not more than 5 years, but the surrounding areas also plays important role for valuation of building.
- ✓ The building one i.e. (Apartment building) is situated Higher class area near the State Bank, Jilha Peth, Jalgaon and building two i.e. (Hospital building) is situated Higher lower class area near Bank of India, Ring road , Jalgaon.
- ✓ So the value of the building one is more than building two.

XI. CONCLUSION

- After all the studied I hereby able to conclude that,
- ✓ The total value of the property is depending on locality of the building, Frontage of building, Age of the building and the Appearance of the building.
- ✓ The market rate of property is totally differing from the government rate.
- ✓ The Age of building plays important role in the valuation of commercial building.
- ✓ In the Reckoner rate manual the government rate of construction is very high as compare to the market rate of construction, but in opposite case the government rate of the land is very low as compare to market rate of land.



- ✓ The value of the building is also depending on the development of surrounding area.
- ✓ The building one i.e. (Apartment building) is situated Higher class area near the State Bank, Jilha Peth, Jalgaon and building two i.e. (Hospital building) is situated Higher lower class area near Bank of India, Ring road , Jalgaon. So the value of the building no. 1 is two times more than building no. 2.
- ✓ In the valuation of building the value of the land is much more than the value of the construction.

The valuation of the building is totally depend on the market value of that areas and the surrounding developments, as market value increases the building value increases and the market value decreases the building value decreases.

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