iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 11 **Issue:** III **Month of publication:** March 2023

DOI: https://doi.org/10.22214/ijraset.2023.49935

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 11 Issue III Mar 2023- Available at www.ijraset.com

Valuation of Gold Jewellery Industrial Building

Ragul P[1], Dr. V. Priyadarshini[2]
[1]*PG Student,* [2]*Assistant Professor, Master of Real Estate Valuation, Department of Civil Engineering, Dr. M.G.R. Educational and Research Institute, Chennai, India*

Abstract: ***The valuation is the process of determining the current value of an asset such as residential, commercial, industrial, or agricultural land is known as appraisal. The value is determined by the Estimate price for as well as the potential rent or income. The main goal is to get people acquainted with the general field practice of real estate valuation. The purpose of the project is to determine the market value of properties for bank financing in Tamil Nadu. It determines the present value of properties and it is focused on the valuation of an industrial Building.***
The values obtained by three different methods of valuation and identifying the most appropriate one for the property under consideration. The methods of valuation that are used in the process are: Land and Building method, Rental method and Composite rate method. Depreciation is also given due importance in all the methods. In land and building method, the value of land and the value of the building are estimated independently to obtain the present value of the property. Rental method involved capitalizing the net annual rental income using a suitable rate of interest.
Composite rate method is also employed to determine the present value based on the prevailing market rates. Breakup of composite rate for the building under valuation is calculated based on the breakup of composite rate of the building under comparison.
Keywords: Valuation, Estimate price, Present value, Industrial Building, Real Estate & Depreciation

I. INTRODUCTION

Valuation of building or property is the method of calculating the present marketable Value of a building. Valuation of a building depends on the structure, durability, location, size, shape, the width of road, frontage, types and quality of building materials. Valuation is a quantitative process of determining the fair market value of an asset, investment or firm. In general, a company/ property can be valued on its own on an absolute basis, or else on a relative basis compared to other similar companies or assets.

A. Concept of the Valuation

The property valuation process has been carried out manually since the profession was introduced in this country very long time ago. 2. This might be one of the reasons why the profession has been criticized of producing poor quality valuation. 3. A valuation is said to be of poor quality when it is inaccurate, inconsistent, inefficient, illogical, unconvincing, unacceptable and unreliable.

B. Purpose of Valuation

1) *Buying or Selling Property:* When it is required to buy or sell a property, its valuation is required.
2) *Taxation:* To assess the tax of a property, its valuation is required. Taxes may be municipal tax, wealth tax, Property tax etc, and all the taxes are fixed on the valuation of the property.
3) *Rent Function:* In order to determine the rent of a property, valuation is required. Rent is usually fixed on the certain percentage of the amount of valuation which is 6% to 10% of valuation.
4) *Security of loans or Mortgage:* The purpose of valuation to be undertaken by banks and housing finance institutions is to ascertain the value of the property for

a) The purpose of ascertaining the amount to be given as a loan.
b) The purpose of periodically ascertaining the value of the property that has been mortgaged, whether it is increasing or decreasing over the mortgage period.

C. Valuer

The valuer is a competent person to value a property on the basic of inspection of the property after analyzing the structure, durability, location, size, shape, the width of road, frontage, types and quality of building materials used.

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II. LITERATURE REVIEW

Literature reviews are a collection of the most relevant and significant publications regarding that valuation topic in order to provide a comprehensive look at what has been said on the topic and by whom.

Namdeo Bhagwat Kumavat et al (2022) The analytical process of determining the current value of an asset such as residential, commercial, industrial, or agricultural land is known as appraisal. The value is determined by the selling price as well as the potential rent or income. The goal of this research is to get people acquainted with the general field practice of real estate valuation. The purpose of this study is to determine the market value of properties for bank financing in Chalisgaon, Dist Jalgaon (Maharashtra), India, located in urban, semi-urban, and rural areas.

Ashika A Sherma et al (2022) The analytical process of determining the current value of an asset such as residential, commercial, industrial, or agricultural land is known as appraisal. The value is determined by the selling price as well as the potential rent or income . the goal of this research is to get people acquainted with the general field practice of real estate valuation. The process of this study is to determine the market value of properties for bank financing , selling and buying of property , for taxation etc reasons.

Frank A. Fehribach et al (2021) Recent research investigated the relationship between physical factors and the asking price of industrial buildings. We extend prior research by including physical, locational, financial and economic variables to determine the factors that influence the sales price. This research provides an initial valuation framework for appraisers and is a first step toward the development of an industrial property index. Eleven variables - building size, office space, dock doors, ceiling height, age, distance to the Dallas/Fort Worth Airport, county of sale, industrial cap rate, prime rate, tenant type, and date of sale - are found to explain the sales price of industrial property.

Minal. P. Chaudhari et al (2019), 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. .

Svetlana Kolobova (2018), As you know, high-rise construction is an indicator of the practical implementation of advanced innovative technologies in the construction industry of the country. High-rise building inevitably comes to the big cities, in connection with the shortage and value of land. The life cycle of any construction project, including high-rise buildings consists of chains: of engineering survey - design-construction-operation. In the process of operation of a tall building, decisions about major repairs or reconstruction of a building are made for decision-making on further use. This article describes methods of assessing the consumer quality of high-rise residential buildings and the establishment of prices based on consumer characteristics of a tall residential building. It is proposed to assess the premises under their quality characteristics. The study was conducted to establish the influence of individual, comprehensive and integral indicators of comparable quality for effective quality living spaces. Simultaneously, there was established a relationship of quality with the consumer cost of housing, ultimately with the potential needs of owners, tenants of the home, lessor dwelling, or buyers of residential properties and other participants in the residential real estate market. This relationship further creates consumer requirements to quality standard of premises at a certain stage of socio - economic development.

III. METHODOLOGY



Fig 3.1 Flow Chart of Methodology

ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
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Valuation of a building depends on the structure, durability, location, size, shape, the width of road, frontage, types and quality of building materials. Valuation is a quantitative process of determining the fair market value of an asset, investment or firm. In general, a company/ property can be valued on its own on an absolute basis, or else on a relative basis compared to other similar companies or assets. The aim of Property Valuation for buyers is to provide information regarding the prevailing prices of the property and market trends. A detailed house valuation informs the buyers about the features, cost, advantages & disadvantages of the property that he/she is willing to buy. The Valuer checks the value of different types of real estate.

IV. VARIOUS TYPE OF VALUE

A. *Forced Sale Value*

A forced sale value is the estimate of the amount that a business would receive if it sold off its assets one piece at a time during an unforeseen or uncontrollable event. The appraiser assumes that the business needs to sell its assets within a short duration at an immediate auction.

B. *Realizable Sale Value*

Net realizable value is generally equal to the selling price of the inventory goods less the selling costs (completion and disposal). Therefore, it is expected sales price less selling costs (e.g. repair and disposal costs).

C. *Insurable Value*

The cost of total replacement of destructible improvements to a property, may be based on replacement cost rather than market value.

D. *Guidance Value*

Guidance Value is the minimum amount for which a property can be registered in a particular locality and hence the -property would not be sold for an amount lower than the Market Value. This guarantees a minimum selling price for the seller.

V. ESTIMATE THE VALUE OF THE LAND

This is done by reference to the cost of acquiring a similar land . in determining the sales per unit area of similar land to determine the value of land . determine the site or land value . determine the category of land use of the site as well as the shape , size , location and physical feature of subject property.

A. *Determine the Value of Building*

In the valuation the calculation will may made by straight line method, in this Straight-line depreciation is the simplest method for calculating depreciation over time. Under this method, the same amount of depreciation is deducted from the value of an asset for every year of its useful life.

Formula,

Straight line depreciation = (cost of the asset – estimated salvage value)
Estimated useful life of an asset

VI. CONCLUSION

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 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.

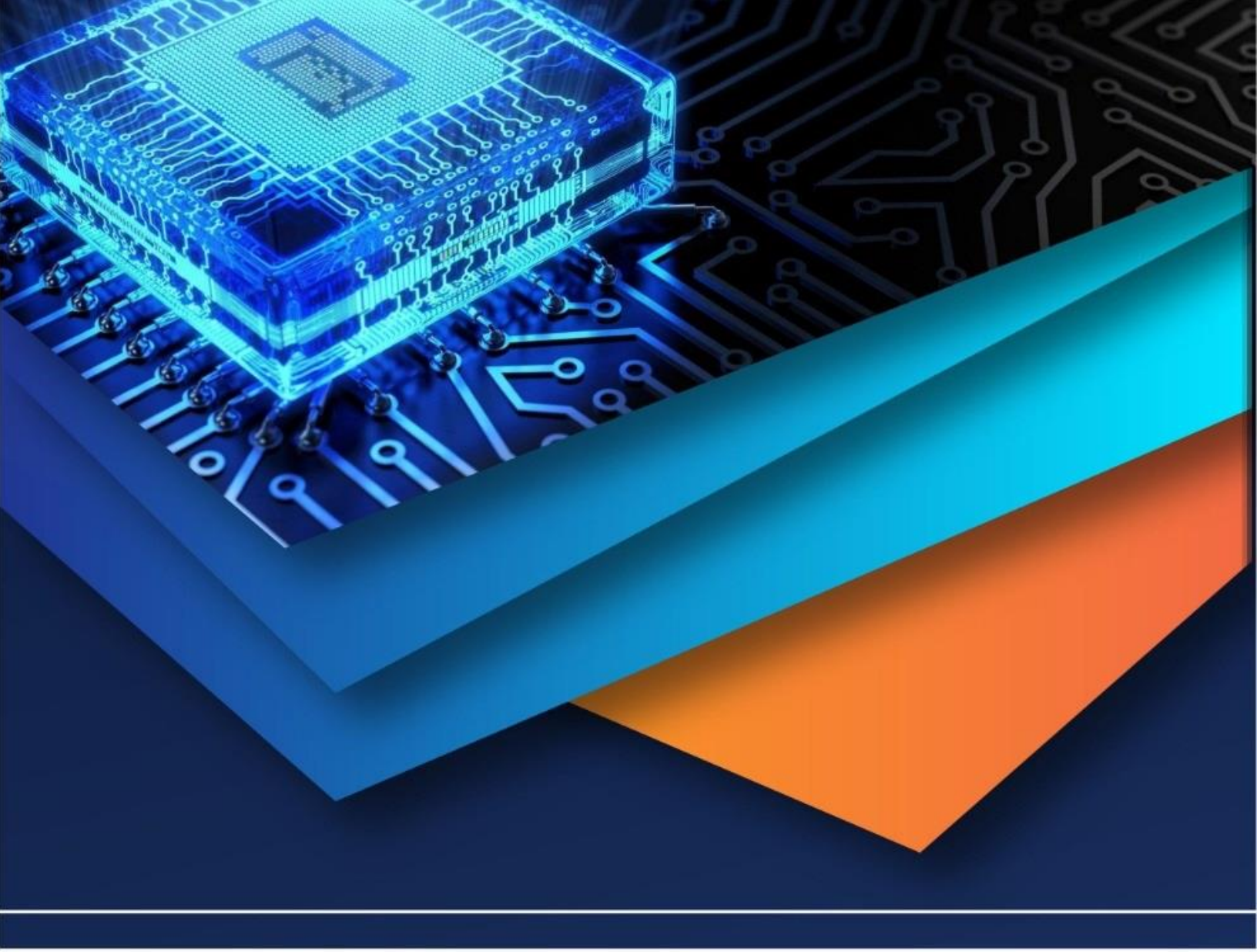
VII. ACKNOWLEDGEMENTS

This achievement would be worthless if it was not for the timely help and guidance of well-wishers. I know an acknowledgement is not enough to scale their help and wishes, yet I take this opportunity to express our gratitude to every element without which the Project work would not have shaped. I am also thankful to all other staff members of Civil Engineering.

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