

ARENCO**RES**

REAL ESTATE EXPERTS

What You
Should
Know
About Real
Estate
Appraisal





ARENCORES

**RESEARCH AND
MARKET VALUATION**

Sharing Knowledge
to the World

ARENCORES helps property owners, investors and stakeholders respond to market and regulatory change, innovate and improve their return on investment.

As an established real estate firm with deep market knowledge and expertise, ARENCORES's asset real estate solution and appraisal services enable our customers to optimize processes, reduce operational and regulatory costs, mitigate associated risks and deliver a competitive advantage.

Single End-to-End Asset Appraisal Platform

ARENCORES APPRAISAL PLATFORM™ is located at the core of ARENCORES's real estate business. ARENCORES APPRAISAL PLATFORM™ provides a single platform for a wide range of evaluation and appraisal benchmarking activities. The platform provides full end-to-end functionality across multiple factors that influence the property pricing from the accessibility characteristics to property values and land use patterns, incorporating structural, locational and neighborhood features.

A single platform scalable beyond the volumes of today's largest businesses ensures the availability of full historical and behavioral data, absolute data consistency, and real time updates across the real estate appraisal standards in Europe.

The broad end-to-end processes in ARENCORES APPRAISAL PLATFORM™ include:

ARENCORES APPRAISAL PLATFORM™



Challenges

Property owners and investors face a number of significant challenges and ARENCORES can help.

MARIA GKIKA - FOUNDER

Maria was born and raised in Athens. She studied Civil Engineering in Building Constructions in the Higher Technological University of Piraeus, Athens. Since 2003 she has been working as a design, planning, consulting and project supervising Civil Engineer in building constructions. Maria effectively demonstrates a balance of professionalism, collaborating skills and a creativity that make her well-regarded among real estate clients and stakeholders. Her knowledge of the intricacies of the Chania and Euboea Island housing market allows her to effectively accommodate the needs of both buyers and sellers.

A real estate appraisal is a self-determining and independent estimate of the value of a real estate property by an appraiser using approved, standardized methods. The Uniform Standards of Professional Appraisal Practice (USPAP) developed by the Appraisal Standards Board of The Appraisal Foundation specifies the procedures and recommended practices to be followed in developing and establishing an accurate appraisal and the ethical rules associated with the processes. As defined in USPAP, an appraisal is the act or process of developing an opinion of value.

The valuation procedure is a systematic process the appraiser follows to answer a client's request about the value of a property. The magnitude of this important source of information generates an indispensable requirement for well-informed and reliable appraisals to support decision making including, real estate disposition, value estimation, marketability, and the rights inherent in ownership.

However, the appraisal process faces a number of challenges and competing priorities:

- ¡ The level of compliance for all real estate assets is increasing with new bodies, standards and regimes
- ¡ How to effectively manage risk and costs without impacting returns
- ¡ How to seize (seize upon) new opportunities in domestic or international markets
- ¡ How to harness innovation and respond to the recession of the market.

ARENCORES works in partnership with our customer base and market to understand the challenges and mitigate the risks associated with the appraisal process.

HOW WE CAN HELP

- ¡ A multi-directional appraisal system ensures data and market information are centralized. Implementing compliance change is simplified
- ¡ Embedded business rules engine and workflow deliver automation and appraisal excellence
- ¡ User-performed configuration delivers flexibility into the appraisal process with multi-lingual, multi-currency and dual-evaluation support
- ¡ Single market price index that delivers best practice and benefits from the reach of a long-term forecasting



Balance appraisal procedures functionality and operational cost without sacrificing competitive advantage

The intelligent nature of the appraisal combined with ARENCORES's expertise in delivering accurate and consistent reports provides a holistic approach to stakeholders and owners.

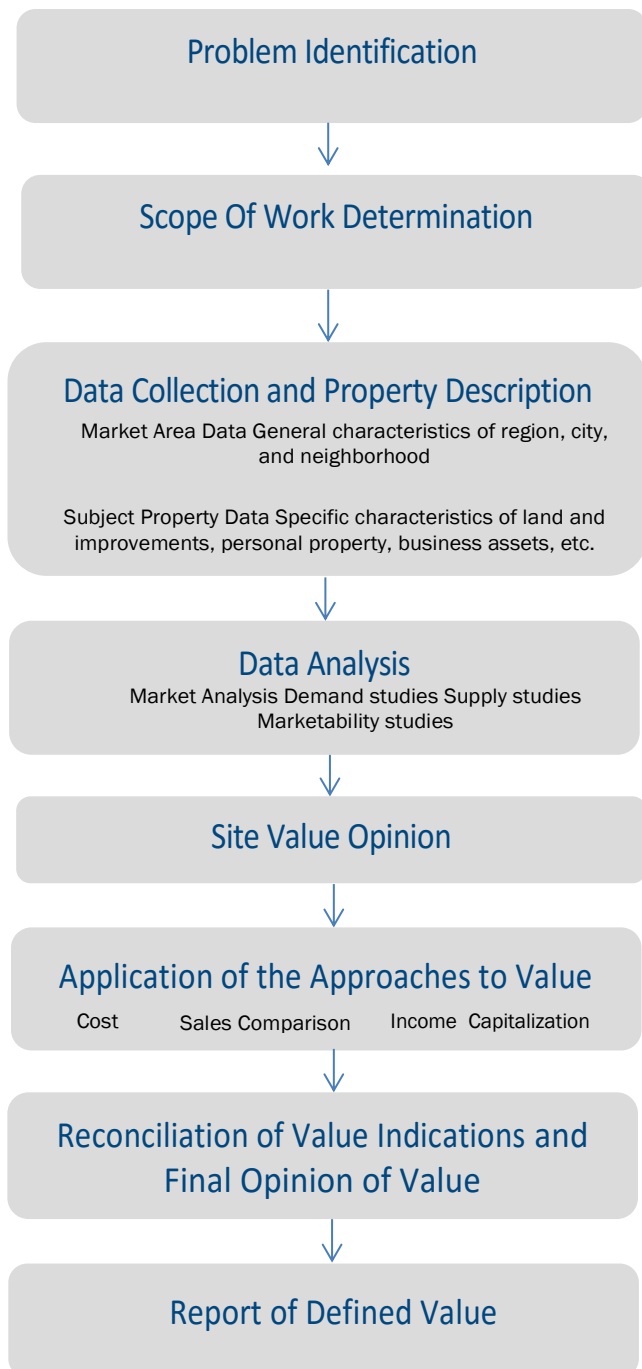
The appraisal platform is designed to support **general data** such as the neighborhood, city, area and region of the property, and as **specific data**, which is the information concerning the property itself. The **sales comparison approach** (aka **market data approach**) is our preferred competitive market analysis method, and is the main technique for determining the value of single-family homes and residential properties. The **subject property** is compared to recently sold **comparable properties** while we also conducting analysis on the utility, scarcity, desire and effective purchasing power. Any form of utility and scarcity denotes supply factors while desire and effective purchasing power are demand factors. This is differentiation is very important to produce reliable and effective values for our clients.

KEY FEATURES

The most important factors affecting property appraisal are: Building irregularities-legality, age, location, size, neighborhood characteristics, economic activity, population, transport, environmental variables and accessibility (location). Moreover, several parameters should be also evaluated in a holistic way:

- Structural attributes e.g. numbers of bedrooms, bathrooms, fireplaces, garages, house area, lot size, age of structure, existence of pool
- Neighborhood attributes e.g. socio-economic characteristics of neighbouring residents, quality of Neighborhood structures, ownership/rental, ethnic composition
- Community attributes e.g. school and tax districts
- Locational attributes e.g. proximity and accessibility to various (dis)amenities including waste sites, powerlines, highways, shopping centres, churches, schools, cultural opportunities, airport, public transportation
- Environmental attributes e.g. view from property, noise levels, pollution levels, stormwater
- Time-related attributes e.g. month and year of sale, number of days on market.





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External obsolescence is a loss of value caused by changes in external factors, such as changes in the surrounding property, environment, zoning, or other factors that may decrease the property value, such as increasing crime or a change in zoning.

Open standards & reliable estimation of your property value

ARENCORES's asset appraisal solution enables property owners and investors to understand the competitive position of their property in its market and the reproduction/ replacement costs.

DEPRECIATION

In appraising property value using the cost approach, depreciation is subtracted from the total value of the property. Depreciation is basically the loss of value due to all causes. In most circumstances, land does not depreciate, unless it is degraded by erosion, improper use, or perhaps zoning changes.

Depreciation can be categorized according to its cause:

Physical deterioration is the deterioration of structures due to wear and tear.

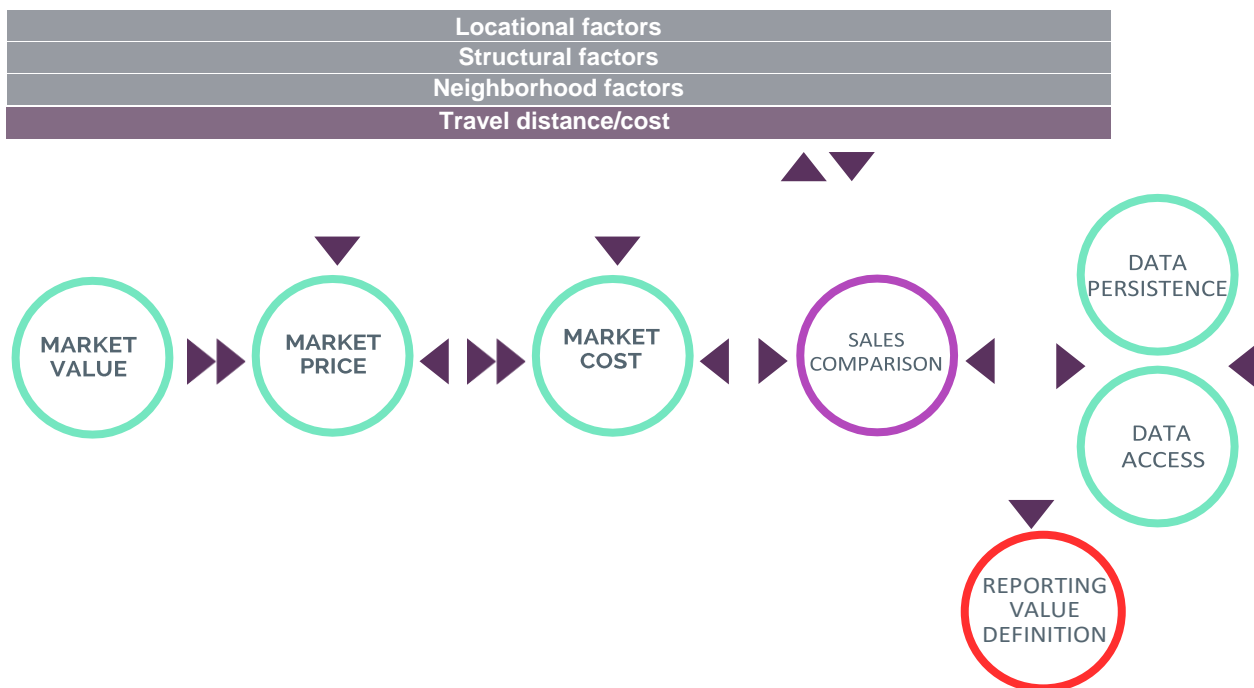
Functional obsolescence is a loss of value associated with features such as old-fashioned design features, out-of-date plumbing, electrical, or heating systems, or poor insulation.

ARENCORES Example —Depreciation Calculation

If a house that cost €300,000 with the land valued at €50,000 was expected to last 40 years, then the annual depreciation would be calculated:

1. Value of House = Property Price - Land Price = €300,000 - €50,000 = €250,000
2. Annual Depreciation = Value of House / Expected Lifetime of House = €250,000 / 40 = €6,250.

Architecture overview of the ARENCORES APPRAISAL PLATFORM™ solution



PROVEN ABILITY TO TRANSFORM BUSINESSES

ARENCORES APPRAISAL PLATFORM™ offers a holistic approach to solution delivery.



Methodology:

ARENCORES' appraisal methodology focuses on an intelligent forecasting that delivers reliable results and high ROI.



Deep Global and Local Expertise:

ARENCORES offers a unique combination of information, analytics, and expertise.



Engagement Model:

Our engagement model is based on flexibility, adaptability and efficiency.



Enabling the adaptive enterprise

Sitting at the intersection of real estate and engineering, Arencores is focused on delivering fresh ideas and inventive solutions to help our customers adapt and thrive in an ever changing environment. With a blend of property sourcing, global service capabilities and deep real estate expertise, Arencores is capable of supporting investors and owners. For more information, please visit **www.arencores.com**



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