

QUIZ 3 (Version 1)

MAY 22, 2018

CHAPTER 5

SOLVE, SHOW YOUR CALCULATIONS, UNDERLINE YOUR ANSWER. TIME 20 MIN. THE MAXIMUM POSSIBLE GRADE IS 5/5, THE WEIGHT OF THIS QUIZ IS 1% OF YOUR TOTAL COURSE GRADE. GOODLUCK!

NAME: _____

STUDENT ID: _____

- 1) Using the Cost Replacement Approach, calculate the value of a small mall. The 10,000 sq. ft. mall is on a 14,000 sq. ft. land. Land cost is \$30/sq. ft. and construction costs \$105/sq. ft. (2 Mark)

$$\begin{aligned}\text{Land Cost} &= \$30/\text{sq.ft.} \times 14,000 \text{ sq.ft.} = \$420,000 \\ \text{Construction Cost} &= \$105/\text{sq.ft.} \times 10,000 \text{ sq.ft.} = \$1,050,000 \\ \text{Value of Mall} &= \text{Land Cost} + \text{Construction Cost} = \$1,470,000\end{aligned}$$

- 2) Using the Comparable Sales Approach Value, calculate the value of a small mall. Built in 2000, the 7,500 sq. ft. mall is on a 14,000 sq. ft. land with abundant parking. Two similar properties sold recently. Malls with abundant parking sell at a 20% premium. (2 Marks)

Property A: \$950,000	Building Area: 8,000 sq. ft.	Parking: Limited	Built: 1999
Property B: \$1,000,000	Building Area: 7,500 sq. ft.	Parking: Abundant	Built: 1998

$$\begin{aligned}\text{Common Denominator: Price per Square Foot} \\ \text{Property A} &= \$950,000/8,000\text{sq.ft.} = \$118.75/\text{sq.ft.} \\ \text{Property B} &= \$1,000,000/7,500\text{sq.ft.} = \$133.33/\text{sq.ft.} \\ \text{Property A Limited Parking:} & \text{No Change} \\ \text{Property B Abundant Parking:} & \text{Sold at 20\% Premium. Ajust down.} \\ \text{Property A:} & \$118.75/\text{sq.ft.} \\ \text{Property B:} & \$133.33/\text{sq.ft.}/1.20 = \$111.11/\text{sq.ft.} \\ \text{Average} &= (\$118.75/\text{sq.ft.} + \$111.11/\text{sq.ft.})/2 = \$114.93/\text{sq.ft} \\ \text{Subject Property} &= \$114.93/\text{sq.ft} \times 7,500 \text{ sq.ft.} \times 1.20 = \$1,034,370.\end{aligned}$$

- 3) Property in Toronto has significantly appreciated. Condominiums are selling at \$1000/sq. ft. An executive still owes the bank \$1,500,000 but feels that she has built up significant equity in her 3,700 sq. ft. Penthouse. How much equity is in her Penthouse? (1 Mark)

$$\begin{aligned}\text{Equity} &= \text{Value} - \text{Loan} \\ &= (\$1,000/\text{sq.ft.} \times 3,700 \text{ sq.ft.}) - \$1,500,000 \\ &= \$3,700,000 - \$1,500,000 \\ &= \$2,200,000\end{aligned}$$

QUIZ 3 (Version 2)

MAY 22, 2018

CHAPTER 5

SOLVE, SHOW YOUR CALCULATIONS, UNDERLINE YOUR ANSWER. TIME 20 MIN. THE MAXIMUM POSSIBLE GRADE IS 5/5, THE WEIGHT OF THIS QUIZ IS 1% OF YOUR TOTAL COURSE GRADE. GOODLUCK!

NAME: _____

STUDENT ID: _____

- 1) Using the Cost Replacement Approach, calculate the value of a small mall. The 8,000 sq. ft. mall is on a 14,000 sq. ft. land. Land cost is \$20/sq. ft. and construction costs \$100/sq. ft. (2 Mark)

- 2) Using the Comparable Sales Approach Value, calculate the value of a small mall. Built in 2000, the 7,500 sq. ft. mall is on a 14,000 sq. ft. land with abundant parking. Two similar properties sold recently. Malls with abundant parking sell at a 20% premium. (2 Marks)

Property A: \$950,000	Building Area: 8,000 sq. ft.	Parking: Limited	Built: 1999
Property B: \$1,000,000	Building Area: 7,500 sq. ft.	Parking: Abundant	Built: 1998

- 3) Property in Toronto has significantly appreciated. Condominiums are selling at \$1000/sq. ft. An executive still owes the bank \$1,500,000 but feels that she has built up significant equity in her 3,500 sq. ft. Penthouse. How much equity is in her Penthouse? (1 Mark)

QUIZ 3 (Version 3)

MAY 22, 2018

CHAPTER 5

SOLVE, SHOW YOUR CALCULATIONS, UNDERLINE YOUR ANSWER. TIME 20 MIN. THE MAXIMUM POSSIBLE GRADE IS 5/5, THE WEIGHT OF THIS QUIZ IS 1% OF YOUR TOTAL COURSE GRADE. GOODLUCK!

NAME: _____

STUDENT ID: _____

- 1) Using the Cost Replacement Approach, calculate the value of a small mall. The 12,000 sq. ft. mall is on a 20,000 sq. ft. land. Land cost is \$40/sq. ft. and construction costs \$110/sq. ft. (2 Mark)

- 2) Using the Comparable Sales Approach Value, calculate the value of a small mall. Built in 2000, the 7,500 sq. ft. mall is on a 14,000 sq. ft. land with abundant parking. Two similar properties sold recently. Malls with abundant parking sell at a 20% premium. (2 Marks)

Property A: \$950,000	Building Area: 8,000 sq. ft.	Parking: Limited	Built: 1999
Property B: \$1,000,000	Building Area: 7,500 sq. ft.	Parking: Abundant	Built: 1998

- 3) Property in Toronto has significantly appreciated. Condominiums are selling at \$1000/sq. ft. An executive still owes the bank \$1,500,000 but feels that she has built up significant equity in her 3,000 sq. ft. Penthouse. How much equity is in her Penthouse? (1 Mark)