
Self-Storage Appraisal Cost Approach

Cost Approach

- **Considers the value of the land as vacant, plus the cost of the improvements, including profit, less accrued depreciation from physical, functional, and external causes.**

Highest and Best Use

- **Physically Possible**
- **Legally Permissible**
- **Financially Feasible**
- **Maximally Productive**

Site Characteristics - What Influences Value

- **HBU (Use)**
- **Size**
- **Visibility**
- **Access**
- **Configuration / Shape**
- **Demolition / Cleanup**
- **Environmental**
- **Zoning / Use Restrictions**
- **Incentives / Fees**

Building Characteristics - that influence cost

- **Quality (consider earlier slides)**
- **Size**
- **Configuration**
- **Access**
- **Local ordinances**
- **Exaction Fees / Incentives**
- **Availability of Materials / Labor**
- **Site Access**

Construction Cost Sources

- **Marshall & Swift
Books, On-Line or CD**
- **R.S. Means**
- **Lee Saylor**
- **YOUR FILES**

Entrepreneurial Profit

- **RealtyRates.com**
- **YOUR FILES**

Depreciation Examples

- **Physical - Age**
- **Functional**
If demand changes, property could become functionally obsolete (eg. Lack of “functional” elevators)
- **External**
Positive example bonus density or land was subsequently down-zoned

Negative due to market deterioration