

Valuation of Residential Property (Bungalow) in Maharashtra.

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Abstract - The valuation of residential properties is critical in many real estate transactions, including buying, selling, insurance, and taxation. This study paper attempts to provide an in-depth investigation of the residential property valuation process, with a specific focus on bungalows in the Indian state of Maharashtra. The study investigates the elements influencing property valuation, the procedures used for property appraisal, and the specific concerns unique to Maharashtra bungalows. This paper aims to contribute to the understanding of residential property valuation in Maharashtra and provide insights for property buyers, sellers, and real estate professionals through a comprehensive review of existing literature and the application of quantitative and qualitative research methods.

Key Words: Valuation, Residential property, Bungalow, Maharashtra, Property Appraisal

1. INTRODUCTION

The valuation of residential properties, particularly bungalows, is of great importance in various real estate transactions. Accurate property valuation is crucial for buyers, sellers, and real estate professionals in Maharashtra, India. This research paper aims to delve into the valuation process for residential bungalows in Maharashtra, exploring the factors influencing valuation, the methods employed for appraisal, and the specific considerations unique to this region. By analyzing existing literature and conducting quantitative and qualitative research, this paper seeks to contribute to understanding property valuation in Maharashtra and provide insights for stakeholders involved in real estate transactions.

2. RESEARCH METHODOLOGY.

The research methodology for valuing residential bungalows includes the following components:

2.1 Research Design:

Specifies the overall framework and approach, considering qualitative and quantitative methods.

2.2 Data Collection:

Utilizes various sources such as property databases, market reports, interviews, surveys, and government records.

2.3 Sampling Strategy:

Outlines the selection criteria and methods for obtaining a representative sample of residential bungalows.

2.4 Data Analysis:

Employs statistical techniques and valuation models for quantitative data and thematic/content analysis for qualitative data.

2.5 Ethical Considerations:

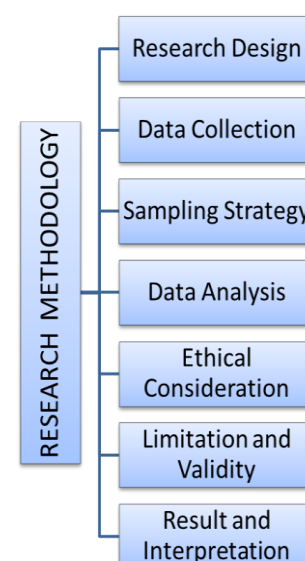
Addresses privacy, confidentiality, and informed consent, adhering to ethical guidelines and obtaining necessary approvals.

2.6 Limitations and Validity:

Acknowledges limitations, biases, and enhances validity and reliability through triangulation and expert validation.

2.7 Results and Interpretation:

Presents findings through statistical summaries, charts, tables, and qualitative narratives for comprehensive understanding. The data collection process for the valuation of residential properties (bungalows) in Maharashtra involve both primary and secondary sources. Here is an outline of the data collection methods that have been utilized



3. LITERATURE REVIEW

- 1 **Chen, Y, Liu, Q, & Wang, J. (2019)** This study compares the sales comparison approach, income approach, and cost approach in valuing residential bungalows in urban areas. It examines the strengths and weaknesses of each approach and provides insights into their applicability and accuracy.
- 2 **Gupta, R, Agarwal, P., & Mishra, S. (2020)** This research paper identifies and analysis the factors that influence the value of residential bungalows in a suburban region. It considers factors such as location, amenities, size, and architectural features and provides insights into their impact on property valuation.
- 3 **Li, M, Guo, S, & Wang, Y. (2018)** This study develops a hedonic pricing model specifically for the valuation of residential bungalows. It explores the relationship between property attributes (e.g., location, size, amenities) and property prices, providing a quantitative analysis of the value drivers for bungalows.
4. **Lim, S, Lim, W, & Wong W. (2021)** This research focuses on the valuation challenges associated with heritage residential bungalows. It discusses the unique considerations and approaches required when valuing bungalows with historical or cultural significance, shedding light on the complexities involved in their valuation.
5. **Smith, J, Johnson, R, & Brown, S.(2017)** This study examines the factors that significantly impact the valuation of residential bungalows in urban areas. It analyses a wide range of variables, including location, size, amenities, and market conditions, and provides insights into their influence on property values

4. METHODS OF VALUATION.

- 4.1 **The Market Comparison Approach** compares the subject bungalow to recently sold similar properties to determine its fair market value. Adjustments are made for differences in factors such as location, size, amenities, and condition
- 4.2 **The Cost Approach** estimates the value of a bungalow based on the cost to replace or reproduce it, considering current construction costs and deducting depreciation. It is useful when there are limited comparable sales or for unique properties.
- 4.3 **The Income Capitalization Approach** analyzes the income potential of a bungalow and applies a

capitalization rate to determine its value. It is commonly used for income-generating properties.

4.4 **The Residual Valuation Method** estimates the value of a bungalow by deducting development costs and a profit margin from the future selling price. It is used for properties with development potential.

4.5 **Automated Valuation Models (AVMs)** are computer algorithms that use statistical models and data analytics to estimate property values. They provide a quick and cost-effective alternative to traditional appraisal methods.

5. CASE STUDY .

Below Case studies have been selected based on location, age size and condition. Two approaches of valuation have been taken into consideration

1. Market Approach Method.
2. Cost Approach Method.

Bungalow No.01

Details of the property.			
Type of property	Residential	Current Usage	Residential
Location	Satbhai lane ,Ahemadnagar.		
Type of Construction	R.C.C.		
Age of building	13 years.		
Area	146.30 Sqm.		

Surrounding and Locality Details.			
Zoning as per Master plan /Development plan	Residential/ Commercial	Proximity from Civic amenities /public transport.	Trakpur bus Stand .
Classification of locality	Middle Class(Urban area).		
Condition and width of approach	More than 20 feet Wide Road.		

Market approach Method.	
Land cost	8046500.00
Building cost	3626400.00
Service	50000.00
Total	11722900.00
Say	11722900.00
Rs .One Core Seventeen Lakh Twenty –Two Thousand Nine Hundred only.	

Cost approach Method	
Land cost	8046500.00
Construction cost	3363073.00
Total	11409573.00
Say	11409600.00
Rs. One core Fourteen Lakh Nine Thousand and Six Hundred only.	

Bungalow No.02

Details of the property.			
Type property of	Residential	Current Usage	Residential
Location	Kathe Galli,Bankar Chowk,Nashik.		
Type of Construction	R.C.C.		
Age of building	20 years.		
Area	530.32 Sqm.		

Surrounding and Locality Details.

Zoning as per Master plan /Development plan	Residential/ Commercial	Proximity from Civic amenities /public transport.	Nashik Road bus Stand .
Classification of locality	Rich and Higher Middle Class(Urban area).		
Condition and width of approach	15 M Wide Road.		

Market approach Method.

Land cost	103050000.00
Building cost	11528000.00
Service	1720000

Total	116298000.00
Say	116298000.00
Rs .Eleven Core Sixty Two Lakh ninety Eight Thousand only.	

Cost approach Method

Land cost	103050000.00
Construction cost	8114785.00
Total	111164785.00
Say	111164800.00
Rs. Eleven Core Eleven Lakh Sixty Four Thousand Eight Hundred only.	

Bungalow No.03

Details of the property.

Type property of	Residential	Current Usage	Residential
Location	Nagardeole, Bhingar, Ahemadnagar.		
Type of Construction	R.C.C.		
Age of building	05 years.		
Area	126.3 Sqm.		

Surrounding and Locality Details.

Zoning as per Master plan /Development plan	Residential	Proximity from Civic amenities /public transport.	Ahemadnagar. bus Stand .
Classification of locality	Middle Class(Semi Urban area).		
Condition and width of approach	6 M .Wide Road.		

Market approach Method.

Land cost	1012500.00
Building cost	2116000.00
Service	71500.00
Total	3200000.00
Say	3200000.00
Rs .Thirty Two Lakh only.	

Cost approach Method	
Land cost	1012500.00
Construction cost	2226815.00
Total	3239315.30
Say	3239350.00
Rs. Thirty Two Lakh Thirty Nine Thousand and Fifty only.	

6. DATA ANALYSIS.

Comparison Table		
Bungalow no	Market Approach	Cost Approach
01	11722900.00	11409600.00
02	116298000.00	1111648000.00
03	3200000.00	32395350.00

The market approach estimates the value of a bungalow based on recent sales of comparable properties in the market. It considers factors such as size, location, condition, and amenities.

The cost approach focuses on the cost to build or reproduce the property and is suitable for unique or specialized bungalows. The market approach considers market factors and buyer behavior, while the cost approach emphasizes physical attributes and construction costs.

The market approach involves subjective adjustments, while the cost approach relies on more objective data. The market approach is generally more reliable when there are sufficient comparable sales available, while the cost approach may be less accurate due to uncertainties in estimating construction costs and depreciation.

Both approaches may be considered, and their results reconciled for a final valuation.

7. CONCLUSIONS

Valuing a residential property bungalow involves a thorough examination of its attributes, considering factors like size, condition, amenities, and overall quality. Local market conditions play a crucial role in determining the property's value, considering supply and demand, recent sales trends, average prices, and market stability. Comparable properties that have recently sold in the same area must be analyzed to estimate the bungalow's value based on market trends. Different valuation approaches, such as sales comparison, income capitalization, and cost approaches, may be used depending on the property type and available data. The data sources and methodology used for the valuation should be clearly outlined in the report. The projected market value, representing the estimated fair market price at the time of appraisal, is a key component of the report. Limitations and assumptions made during the valuation process should be

disclosed to provide transparency. Practical recommendations based on the appraiser's expertise can add value to the report, offering guidance on property improvements, pricing strategies, and navigating the real estate market. A comprehensive valuation report is important for buyers, sellers, lenders, insurance companies, and can also be used in legal proceedings to settle disputes or provide evidence.

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