Practice Problems

CATEGORY: COST APPROACH

TOPIC: ESTIMATING CURRENT COST

Problem – What is the current cost new for the residence?

A single-unit residence has a cost new (to build) of $74 per square foot for living area
The detached garage has a current cost new of $40 per square foot
The current cost multiplier is 0.94 and the local multiplier is 0.97
The garage contains 400 square feet. The house contains 2,600 square feet
The total depreciation of the house is 20% (includes all forms of depreciation)
The site contains 12,000 square feet and the land value is $2.25 per square foot

Problem Solution – NEXT PAGE

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Problem Solution

2,600 x $74 x 0.94 x 0.97 = **$175,430**

<u>Notes:</u> This problem included information that was not necessary to solve the problem, including garage size, garage cost, site size, site value, depreciation, etc.