

WAYS TO INCREASE REAL ESTATE VALUE WITH ACCURATE MARKET VALUATION

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Abstract

This study examines effective ways to improve the accuracy of determining the market value of real estate properties. The research places particular emphasis on in-depth market analysis, expanding the database of comparable transactions, the correct application of income and cost approaches, and the use of modern information technologies in the valuation process. In addition, the influence of such factors as location characteristics, infrastructure development, legal status, and the physical condition of the property on its market value is analyzed. The results of the study are of practical significance for appraisers, investors, and professionals operating in the real estate market.

Keywords

Real estate, market value, valuation accuracy, sales comparison approach, income approach, cost approach, market analysis, investment attractiveness.

INTRODUCTION

Achieving high accuracy in determining the market value of real estate objects is one of the most important tasks of the valuation activity, since the results of the valuation directly affect many economic and legal relationships, from investment decisions to lending, insurance, taxation, and litigation. The accuracy of determining the market value depends, first of all, on a correct and in-depth analysis of the state of the real estate market, in which the ratio of supply and demand in the territory, the activity of transactions, trends in price changes, the rate of inflation and macroeconomic factors are important. The results of an assessment carried out without sufficient market analysis are subjective and do not reflect real market conditions. Therefore, appraisers need to use a comprehensive set of open information sources, official statistics, notarial transactions, electronic trading platforms, and real estate agency data. Another important factor in improving the accuracy of market value is expanding the database of comparable transactions, as the comparable approach is one of the most widely used and reliable methods in market conditions.

MATERIALS AND METHODS

When selecting comparable objects, their location, area, functional purpose, building material, service life, availability of engineering communications, and legal status should be as close as possible to the object under consideration. Incorrectly selected analogues significantly distort the assessment result. At the same time, the use of reasonable and evidence-based adjustment coefficients for price-affecting differences increases the accuracy of the market value. The income approach also plays an important role in determining the market value of real estate, especially in commercial real estate, rental properties, and investment projects, where this approach provides high accuracy. The income approach requires accurate calculation of expected net operating income, application of capitalization and discount rates consistent with market rates, and consideration of risk factors. If the earnings forecast is incorrect or if rates are applied that are not appropriate for market conditions, the valuation result will deviate from the real market value. The cost approach is mainly used for newly constructed or special-

purpose facilities, where current market prices, material costs, labor costs, design and estimate documents, and depreciation levels must be taken into account when determining construction costs. Proper assessment of physical, functional, and external wear significantly increases the accuracy of the cost approach [1].

RESULTS AND DISCUSSION

Regional factors are one of the main indicators that directly affect the value of real estate, and proximity to the center, transport infrastructure, the availability of social facilities, the ecological situation, and the development prospects of the area form the market value. Infrastructure development, including road quality, public transport, schools, hospitals, and commercial and service facilities, increases the investment attractiveness of real estate. The legal status is also important in the assessment, as the formalization of property rights, the presence or absence of encumbrances, the legal status of the land plot, and the purpose of use directly affect the market value [2].

Properties with complete and transparent documentation are highly valued in market conditions. The physical condition of the property, i.e. the quality of construction, the level of use, the state of repair and general technical indicators, are also important in determining the market value. The use of modern information technologies is an important tool in improving the accuracy of assessments, and geographic information systems, electronic databases, automated assessment models, and digital analysis tools allow appraisers to obtain rapid and accurate information. Additionally, forecasting market trends based on artificial intelligence and big data technologies further improves the quality of assessments [3].

Adherence to professional ethics and the principles of independence and impartiality during the valuation process is also an important factor in ensuring the accuracy of market value. In conclusion, increasing the value of real estate with market value accuracy requires a comprehensive approach and is achieved through a combination of market analysis, proper methodology selection, reliable databases, modern technologies, and the work of qualified specialists. Achieving high accuracy in determining the market value of real estate objects is one of the key factors determining the effectiveness of appraisal activities. The study results show that the process of determining market value is not based on a single method, but rather on a deep analysis of market conditions, the use of a reliable and comprehensive information base, and the integrated application of valuation approaches [4].

CONCLUSION

Proper and reasonable application of the comparison, income, and cost approaches allows for the determination of the real market value of real estate. Factors such as location, infrastructure development, legal status, and the physical condition of the facility directly affect the assessment results, so they must be thoroughly studied during the assessment process. Additionally, the use of modern information technologies, automated assessment models, and digital analysis tools is important in improving the accuracy of assessments. In conclusion, increasing the accuracy of real estate value to market value depends on the professional skills of appraisers, their methodological approach, and their effective use of market data. The combination of these factors ensures the reliability of the assessment results.

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