

Our Approach

Regardless of property type and asset class -- **Single or Multi-Tenant, Class A, B or C, Low, Mid or High-Rise** -- MetroWest has the experience and insight to bring our Clients the industry's most accurate, concise and unimpeachable analyses and valuations.

Whether the assignment calls for a valuation for financing purposes, settlement litigation, sell/purchase, partnership dispute/dissolution, litigation support, property tax appeal or fractional interest valuation, MetroWest fully understands our Clients' expectations.

As head of MetroWest's litigation support practice, Carlos Cardenas, MAI has not only supported dispute resolution cases in superior court and bankruptcy court, but also in arbitration since 1985. Addressing a wide range of issues, cases have included construction defects, malpractice, title defects, fractional interest damage, leases, etc. In addition to litigation support as an expert witness, Mr. Cardenas has also acted as a consultant to legal counsel, providing support on a wide range of valuation-related issues.

During the initial free consultation, we will discuss the type of appraisal reporting format that will best suit your specific needs and the scope of work required. To start the process, we will ask for all necessary supporting documentation and historical operation, including copies of leases, a rent roll detailing each unit, its contract rent, square foot area and lease term and type, as well as income and expense reports and a statement of expense reimbursements.

For the more complex assignments, MetroWest's Discounted Cash Flow analysis (DCF) modeling will result in the most accurate valuations because it best reflecting how market participants -- buyers, sellers and brokers -- view the specific asset class. The DCF facilitates the consideration of tenant rollover and associated costs, including tenant improvement expenses, rent loss, leasing commissions, etc.

For less complex properties or less demanding assignments, direct capitalization can often be the best method, taking into consideration current rents and operating expenses. The sales comparison approach is likely to be the best method for testing and supporting the income capitalization approach in the case of investment properties.

Regardless of the property type and complexity, we will insure that the appraisal format will best suit the specific needs and budgetary limitations of the assignment, while conforming to the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute's Ethics and Standards, together with compliance with all the applicable local, state and federal appraisal guidelines and regulations.

Industrial Property Valuation



MetroWest's experience in the valuation of a wide range of Industrial properties -- warehouses, corporate headquarters, industrial parks, storage, research & development and manufacturing facilities, distribution centers, and single-tenant assets -- is comprehensive. We fully understand the nuances intrinsic to this asset class,

including the effect of such physical characteristics as loading facilities, interior build-out, tenant rollover, different cost centers and expense reimbursements on market value.

MetroWest has a clear and deep understanding of such essential concepts as **As Is** versus **As Stabilized** market value, **Prospective** versus **Hypothetical** market value and the date of value considerations that they all require.

As is the case with most real estate asset classes, whether an Industrial development is legal and conforming or not can affect its value, as well as financing considerations. We systematically investigate all zoning and parking requirements to ascertain whether the property is legal and conforming or not, and the effect such factors might have on market value.

Historical Operation

One of the more important, but often under-analyzed, considerations in the valuation of Industrial assets is the historical operation. During the initial phase of the assignment, we will focus on the property and its historical operation, together with the projected use of the report and its scope of work. These components will determine the appropriate type of report.

We will request pertinent information based on the appraisal report type, including a rent roll detailing each unit and its rent and square foot area, copies of existing leases, as well as income and expense statements, copies of any sale contracts and specific operating expenses such as existing contracts (landscape, HVAC maintenance, pest control, etc.) and management expenses.

Methodology

The Income Capitalization Approach is the most-widely used valuation method in the case of multi-tenant assets, with the DCF most often used in the case of institutional-grade assets and direct capitalization most often used in the case of non-institutional assets.

In each case, the Income Capitalization Approach is the method that tends to best address the property's income capabilities and expected operating costs. Whether the property's rents are stabilized or have significant upside, this method will provide the most accurate market value estimate.

In the case of single-tenant or smaller assets, the Sales Comparison Approach and its price per square foot indicator are the most-widely used and therefore this approach is the best indicator of the behavior and expectations of market participants; i.e., buyers and sellers.

For new construction projects or recently complete developments, the Cost Approach may also prove to be a reliable, albeit secondary indicator.