

Application of a New Multiple Criteria Analysis Method in the Valuation of Property

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ABSTRACT

A number of problems in the valuation of real estate can be eliminated by using methods of multiple criteria decision-making. These methods came into existence only during the second half of the 20th century. Currently, these methods have become important throughout international practices of real estate valuation. In most cases methods are based on market modeling and economic assumptions. Sometimes methods are referred to as separate valuation methods, and classified as modern ones.

This article describes a new method of multiple criteria decision-making developed by author. The new method is based on a market decision-making the valuation principle, and is in line with the traditional comparative value method. Therefore, the new method can be attributed to the group of indirect comparative value methods. Such methods facilitate the universal and more extensive multiple criteria decision making of a real estate. They take in to account a number of different criteria, such as qualitative, quantitative aspects and market conditions. The proposed method can meet demands and needs of many interested groups since it enables the estimation of not only the market value of the real estate, but also other values, e.g. investment value, value of use, and market value of the current use of the real estate. This article describes the theoretical model of the method, which was used as example to estimate the market value of commercial premises.

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