

Pawel Kentaro Grendys explains how to calculate the physical value of a commercial real estate property

Pawel Kentaro Grendys, an expert in Latin American real estate, discusses how to assign value to real estate property prior to a sale.

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/EINPresswire.com/ -- Commercial real estate can be a lucrative investment, but it is important to understand the true value of any property you're considering before diving in. [Pawel Kentaro Grendys](#), a commercial real estate expert, explains how to accurately calculate the physical value of a commercial real estate property.

It is important to understand how to estimate the physical value of a commercial real estate property because the physical value is one of the three key components that make up the overall value of a property. The other two key components are the market value and the replacement cost.

The physical value is determined by taking into account the land and buildings that make up the property. The replacement cost is what it would cost to replace the land and buildings if they were destroyed. The market value is what someone is willing to pay for the property on the open market.

When estimating the physical value of a commercial real estate property, there are a few things to keep in mind. First, it's important to determine the size of the land and buildings. This can be done by measuring the square footage of the property or by using aerial photographs.

Next, take into account the age of the land and buildings. Explains Grendys, "Older properties



will typically be worth less than newer properties. This is because newer properties will have more updated features and be in better condition overall."

Finally, consider the location of the property. Properties that are located in desirable areas will typically be worth more than those located in less desirable areas. This is because people are willing to pay more for properties that are located in desirable areas.

The Cost Approach values a property by estimating the cost to replace it with an equivalent property. This is done by calculating the cost of the land, the cost of construction, and the depreciation of the improvements.

The Income Approach values a property by estimating its potential income. This is done by calculating the net operating income, which is the difference between the property's gross income and its operating expenses.

The Market Approach values a property by comparing it to similar properties that have recently sold in the same market. This is done by finding comparable properties and adjusting their prices to account for differences in location, size, and amenities.

Due diligence is the act of investigating a potential investment to determine its suitability. This is especially important in commercial real estate, where the stakes are high, and the risks can be significant.

A thorough due diligence process should include a review of all relevant financial and legal documents, as well as a physical inspection of the property. This will help identify any problems or red flags that could impact the value of the property.

Calculating the physical value of a commercial real estate property is an essential step for any investor. Not only does it provide valuable insight into the current condition of a potential investment but can also serve as an indicator for potential future growth. With this in mind, investors should take the time to familiarize themselves with the process and use it to make informed decisions about their investments.

About Pawel Kentaro

Pawel Kentaro Grendys is a leading expert in the area of Latin American real estate. His background includes experience in both the residential and commercial sides, and he offers extensive knowledge about local investment laws and building codes. In addition to offering leading brokerage services for commercial, industrial and premium residential real estate investments in the region, he is also an advanced real estate marketer. When he isn't assisting clients in finding the right property to meet their objectives, he enjoys spending time outdoors with his family.

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