

Income Approach
Practice Problem # 4 (A)
Gross Rent Multiplier Problem VIF Formula

SALES

	1	2	3	4	5
Sale Price	\$45,000	\$56,000	\$48,000	\$53,500	\$58,000
Monthly Rent	\$425	\$520	\$450	\$490	\$525
GRM					

MONTHLY EGI OF SUBJECT PROPERTY \$475

MEDIAN

USING THE MEDIAN GRM PROVIDE AN INDICATION OF VALUE TO THE
NEAREST \$100.

Income Approach
Practice Problem # 4 (A) Answer
 Gross Rent Multiplier Problem VIF Formula

	SALES					GRM Rank
	1	2	3	4	5	
Sale Price	\$45,000	\$56,000	\$48,000	\$53,500	\$58,000	105.9
Monthly Rent	\$425	\$520	\$450	\$490	\$525	106.7
GRM	105.9	107.7	106.7	109.2	110.5	107.7
						109.2
						110.5

MONTHLY EGI OF SUBJECT PROPERTY \$475

MEDIAN 107.7

USING THE MEDIAN GRM PROVIDE AN INDICATION OF VALUE TO THE NEAREST \$100.

Indication of value \$475 Times 107.7 \$51,200

(ROUND TO THE NEAREST \$100)

Income Approach
Practice Problem # 4 (B)
Gross Income Multiplier Problem

Sale	Sale Price	Effective Gross Income	Gross Income Multiplier
A	\$650,000	\$75,000	
B	\$590,000	\$68,000	
C	\$695,000	\$85,700	
D	\$750,000	\$87,500	
E	\$620,000	\$73,000	

Ranges from _____ to _____

GIVEN YEARLY EGI	RANGE	VALUES
\$72,000		
\$72,000		

Median

PROVIDE THE HIGH AND LOW RANGE VALUES BASED ON THE GIM.

Income Approach
Practice Problem # 4 (B) Answer
Gross Income Multiplier Problem

Sale	Sale Price	Effective Gross Income	Gross Income Multiplier
A	\$650,000	\$75,000	8.7
B	\$590,000	\$68,000	8.7
C	\$695,000	\$85,700	8.1
D	\$750,000	\$87,500	8.6
E	\$620,000	\$73,000	8.5

Ranges from 8.1 to 8.7

\$72,000	LOW	8.1	\$583,200
\$72,000	HIGH	8.7	\$626,400
Median			
		8.6	\$619,200

ROUNDED TO NEAREST \$100