

## **Building Costs**

**Building Cost Tables:** Construction costs will vary by “use”, such as residential, commercial, industrial, etc. The base (average quality) construction rates for various uses are identified below:

The “Building Cost” base rates identified in the preceding tables were derived by reviewing building costs extracted from local sale data, and from the Marshall & Swift Cost Guide.

## Vision Commercial Industrial Cost/Market Valuation

The following is an explanation of the Cost/Market system valuation methodology:

**Base Rate (BR)** – These rates are the dollar values per SF posted on the municipality's Base Rate tables and charts. Each improvement Code (property type) has a unique value (EX: Improvement Code 40, Light Industrial may equal \$45.00. This base rate is unadjusted for size or quality (See the municipality's base rate table/chart for each use code).

**Size Adjustment Factor (SAF)** -- Each Improvement Code is assigned a Model Code such as Model 94, 95 or 96. The Model Code dictates (and to some extent the Land Use Code) dictates which size adjustment parameters are used. See the specific Size Adjustment parameters for your Municipality. Since commercial buildings are generally larger they will have larger base models and a different building adjustment curve than residential properties.

**Quality Index (QI)** – Each Model, 94, 95, and 96 has its own set of coefficients (formerly known as points) assigned to the various structural elements and the higher the quality the element, the higher the coefficient and the higher will be the overall quality index.

Essentially, this quality index is then multiplied by the overall structural grade or quality index assigned to the property. For example an average grade would neither increase nor decrease the index, but one above-average would increase it and one below-average would decrease it.

The Valuation Formula is as follows:

Base Rate = BR  
Size Adjustment Factor = SAF  
Quality Index = QI

Thus:

$BR \times SAF \times QI = \text{Effective Adjusted Base Rate (Undepreciated Building SF Cost New)}$

$\text{Effective Base Rate} \times \text{Effective Building Area} = \text{Undepreciated Building Value}$