

**PROPOSED CONSTRUCTION APPRAISAL—UPSCALE AUTO DEALERSHIP**

**Extensive Knowledge Makes a Difference**



**OBJECTIVE**

Appraisers must do more than simply authenticate construction costs when evaluating new construction. The experienced Argianas appraisal team identified the risks and rewards associated with the proposed development of one of the Chicago metropolitan area’s largest automobile dealerships.

**APPRAISAL STRATEGY**

Building a new dealership can be a risky decision. Demand must be properly quantified through market study analysis including a highest and best use analysis. To estimate the proposed facility’s market value, the appraisers were asked to consider all three valuation techniques—the Cost, Income and Sales Comparison Approaches.

Dealership real estate is developed to showcase and sell product, and those properties require substantial investment outlays. Although dealerships are not constructed strictly for investment purposes, the risk magnitudes (including construction costs) require justification by an independent third party analysis. Financing compliance standards require market justification by consideration of sale comparables, and a fair rental value estimate may also be needed for accounting and income tax reasons. In this case, the proposed construction costs were consistent with those of a state-of-the-art facility to be built within a well-balanced community providing a full complement of retail, commercial and community facilities.

**UNIQUE APPRAISAL FEATURES**

Industry trends, trade area retail dynamics and demographics should be researched as part of the appraisal process. The property owner was planning an upscale luxury dealership, which demanded an exceptional level of construction quality and special features. Because the proposed improvements reflect the manufacturer’s corporate image, construction costs in such cases sometimes exceed typical cost estimates derived from construction manuals. This should be taken into account during the appraisal process.

**ARGIANAS DIFFERENCE**

At Argianas and Associates, specialty properties are a routine matter. We analyze our clients’ appraisals with professional attention and without delays. Our real estate appraisal reports do not simply profess market value. We explain risks and rewards, then we process our findings into a credible estimate of market value. As a result, decision makers make good choices.

Argianas has appraised hundreds of car, motorcycle, truck and recreational vehicle dealership properties. The team completed this real estate appraisal engagement on time and in full compliance with FDIC, OCC and FIRREA lending standards.



“Today’s car manufacturers require specific real estate standards. Dealerships must reflect consistency with a manufacturers’ corporate image.”

—Chuck Argianas



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Argianas provides the highest degree of expertise in special-purpose properties distinguishing themselves as leaders in diverse real estate appraisal.

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