

Evaluation of Commercial Property in the Cost Approach in Order to Determine the Rent, on the Example of Commercial and Household Building Located in Samarkand City Siyab Market

Ganieva Feruza Samievna

Associate Professor of Samarkand State Institute of Architecture, Uzbekistan, Samarkand

Abstract: The rent performs the functions of reimbursement of the value of the property, accumulation, stimulation of labor activity, redistribution of income and acts as one of the economic reforms of the realization of property rights. When leasing out real estate, the owner has the right to return its value with an appropriate increase. In the article the estimation of a rent by a cost method of a commercial real estate object is considered.

Keywords: rent, demand, supply, market relations, contract, enterprise, region, city, economic reform, decision, material, communal, subjects, sustainable development, material and energy resources, spending, thrift.

Introduction

Currently, the sphere of services covering assessment activities is rapidly developing in our country. In this regard, it should be recognized that the president and the government of our Republic are paying special attention to increasing economic and legal literacy in the assessment of real estate, deregulation of property from the state, radical change of the views of our citizens on property, ownership, use, and disposal.

Main part

In Our Country, President Sh.M. In the process of large-scale economic reforms carried out under the leadership of Mirziyoyev, the development of all parts of the market was created. Transactions in real estate are an integral part of modern market relations. In order to regulate the activity of the real estate market and to coordinate it with the principles of social-oriented economic policy aimed at protecting the rights and interests of citizens, our national legislation is being improved. The amount of income from commercial and household objects in the Samarkand region is named in the 1st chart.

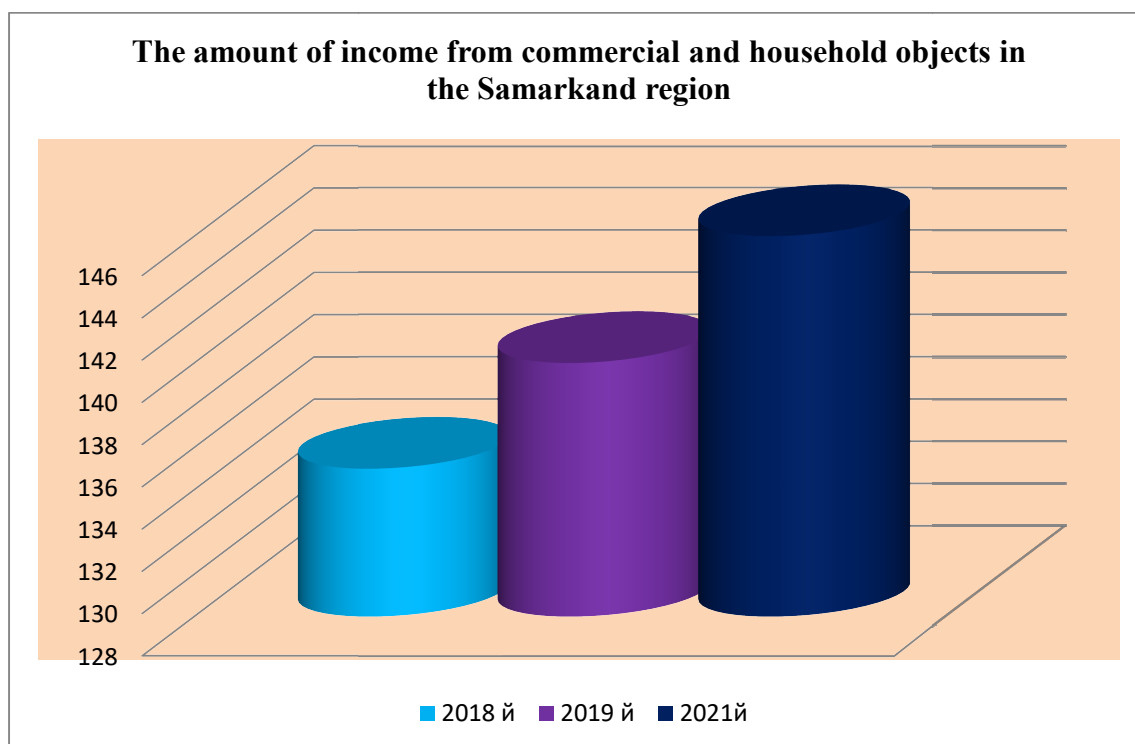


Chart 1. The amount of income from commercial and household objects in the Samarkand region

In this article, the main goal is to study the methodology for assessing commercial and household painting. We consider the evaluation of commercial and household buildings in the cost approach as an example of a real estate object. The commercial and household building is located in the Samarkand City Siyab market, it was built in 2008, has two floors, the length of the building is 17.5 m, and it is 12.4 m. The height of the building is 9,22 m, the height of the floor is 2,9 m. Rated commercial-household Building 8 rooms. The area of the commercial and household building is 217,4 sq.m. there is a trading hall, a rest Hall, a toilet, a hallway, a shoe shed, electric equipment shed, a sewing workshop, a hairdresser.

Legal assessment of land area

Evaluation of the right to use the land plot in determining the normative value, the territory of the land plot is assessed on the basis of special coefficients using tax rates. The land tax rate is set at 1310 sum/kv for the evaluation period (Application №19 PP-2699 27.12.2016 y. resolution of the president of the Republic).

Table1: Legal assessment of land area

№	Type of building	General land mine kv. m	A monthly land tax roll	Refinancing rate	Cost of land use, sum
1	Commercial building	217,4	1310	9%	3 725 105

The cost of restoration of real estate is determined in accordance with the design and estimate documentation. In the absence of design and estimate documentation, the use of augmented standards of real estate recovery value is allowed.

The full restoration value of the building at 2001 prices is calculated using the following formula:

$$C = C_{\text{табл.}} \times K_1 \times K_2 \times K_3 \dots \times K_n$$

C – the cost of restoring the building to its 2011 condition

C – the size of the object being evaluated, m³

C_{табл.} - generalized norms the price of one unit at the 2001 price according to the table;

K1 – coefficient taking into account the Capital Group of the building

K2-coefficient of conservation of earthquake resistance of the region

K3 - regional coefficient

K4 - exterior and interior finishing works

K5-plumber stands and heads

By finding an analogue of an object that is being evaluated from the "collection of generalized indicators of the recovery evaluations of Service objects", we can determine the torn indicator of the price.

Capital Group – 1.

Regional coefficient for Samarkand region 1,007

Seismic coefficient -1,15

The coefficient of transition to the Capital Group is -1,0

Building height adjustment coefficient -10

Table2: Determine the value of restoration of commercial and household buildings located in Samarkand City Siyab market

Indicators	Quantity
Commercial-household building ni construction area, m3	2004
Cost of 1 m3, sum	73,9
Correction to the building Capital Group	1,0
Correction of the height of painting	1,0
The worst coefficient	1,007
Seismic coefficient	1,15
Indexing Multiplier 2001y	61,8
Index 2002 y	1,018
Index 01.01.2003 y	1,391
Index 01.01.2004 y	1,186
Index 01.01.2005 y	1,21
Index 01.01.2006 y	1,227
Index 01.01.2007 y	1,34
Index 01.01.2008 y	1,117
IndexIndex 01.01.2009 y	1,166
Index 01.01.2010 y	1,01
Index 01.01.2011 y	1,208
Index 01.01.2012 y	1,215
Index 01.01.2013 y	1,213
Index 01.01.2014 y	1,219
Index 01.01 2015 y	1
Index 01.01 2016 y	1,051
Index 01.01 2017 y	1,122
Index 01.04 2017 y	1,02
Index 01.04 2018 y	1,311
Index 01.04 2019 y	1,396
Index 01.04 2020y	1, 084
Cost of restoration of commercial and residential building, soums	121 598 671

Physical wear of the object of assessment - 13,7 is excluded. The residual value of the rated trade-household building:

121 598 671-13, 7%=104939653 soum

To determine the value of trade-household staining, income from entrepreneurial activity is added to its residual value. Entrepreneurial income usually exceeds 10-30%. We accept business income as 20%.

Table 3: Determine the total value of commercial and household buildings in Samarkand City Siyab market

Liter	Type of building	Recovery value, UZS	Entrepreneurial income ratio	Land use value, soum	Price, soum
A,B	савдо-маиший бино	104939653	1,20	3 725 105	129 652 688

The cost determined in the cost approach of trade and household painting amounted to 129 652 688 soums.

Coordination of evaluation results

In the evaluation of commercial and household premises using different approaches, we achieved the following results:

Cost approach - 129 652 688 soum

Profitable approach-150 285 882 soum

Comparative approach - 137 925 467 soum

Table 4: Samarkand City Siyab market located in the commercial-household building market to determine the market price

	Approaches used	Fixedvalue, soums	The coefficient of the share of indicators	Calculated value, soums
1	Costapproach	129 652 688	0,34	44 081 913
2	Revenueapproach	150 285 882	0,34	51 097 199
3	A concise approach	137 925 467	0,33	45 515 404
	Total:		1	140 694 516

The market value of commercial and household buildings located in the Samarkand City Siyab market amounted to 140 694 516 soums. So we determine the rental fee based on the table below:

Table 5: 1 sq.m. rented by commercial systems. the minimum rate of m

№	Pointers	Area, m ²	Usage direction	Rent rate, thousand soums	Coefficients				Annual rental rate
					K1	K2	K3	K4	
1	Commercial-household building (liter A)	129,4	Realestate	6100	1,5	1,5	0,8	0,5	25620000
2	Commercial-household building (liter B)	88	Realestate	1800	1,5	1,5	0,8	0,5	7560000
3	Total:	217,4							33180000

The rent of commercial and household buildings located in Samarkand City Siyab market is equal to 33 180 000 soums.

Conclusion

The commercial and household building in the Samarkand City Siyab market was evaluated in three ways: cost-effective, profitable and based on comparative approaches. After comparing the revealed values, the results were coordinated and the market price was determined. The market value of commercial and household buildings located in the Samarkand City Siyab market amounted to 140 694 516 soums. Based on the market price, it was determined that the rent, and it is equal to 33 180 000 soums.

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