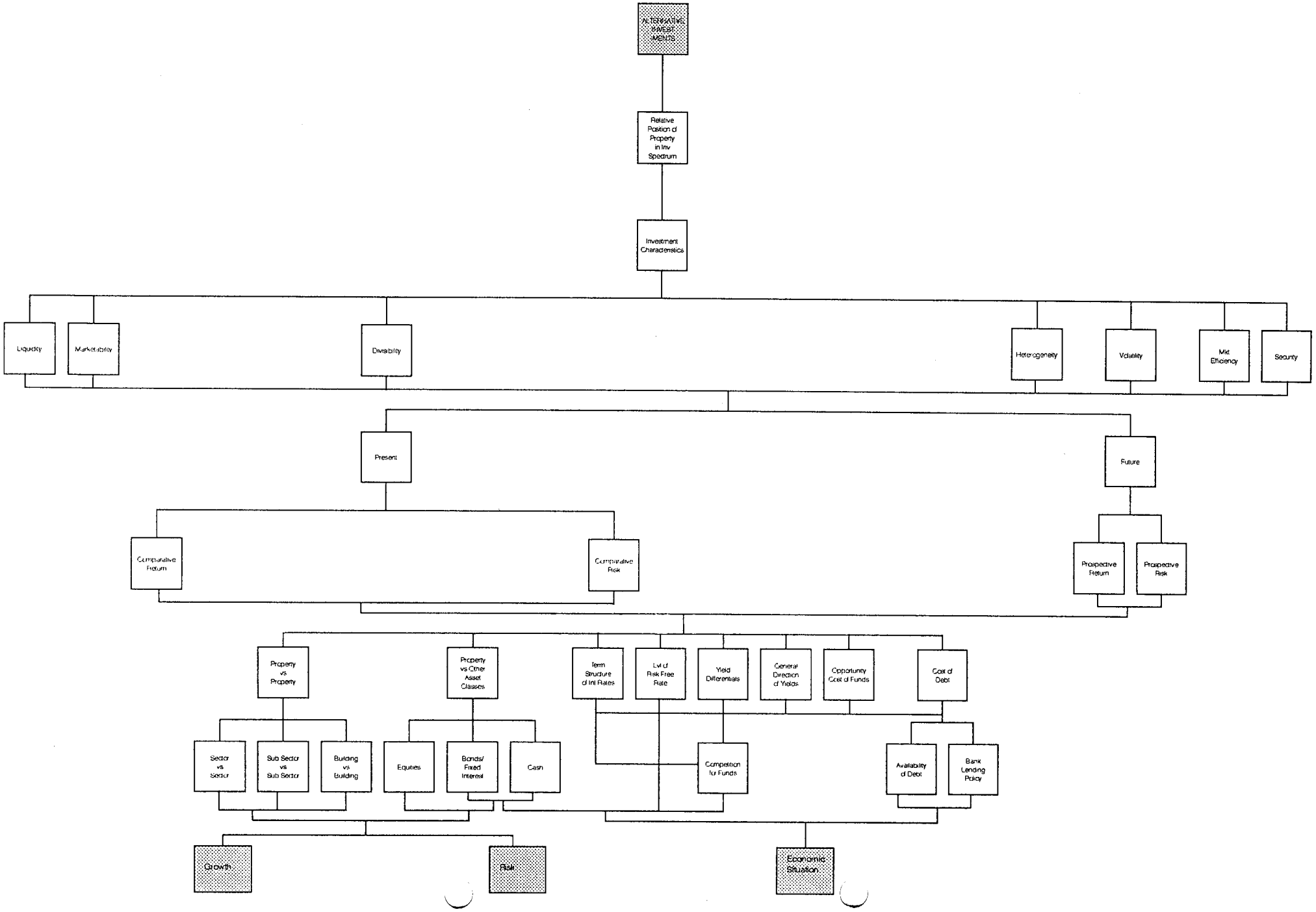
APPENDIX 2.1

MICRO TAXONOMY 1

ALTERNATIVE INVESTMENTS

MICRO TAXONOMY 1 - ALTERNATIVE INVESTMENTS

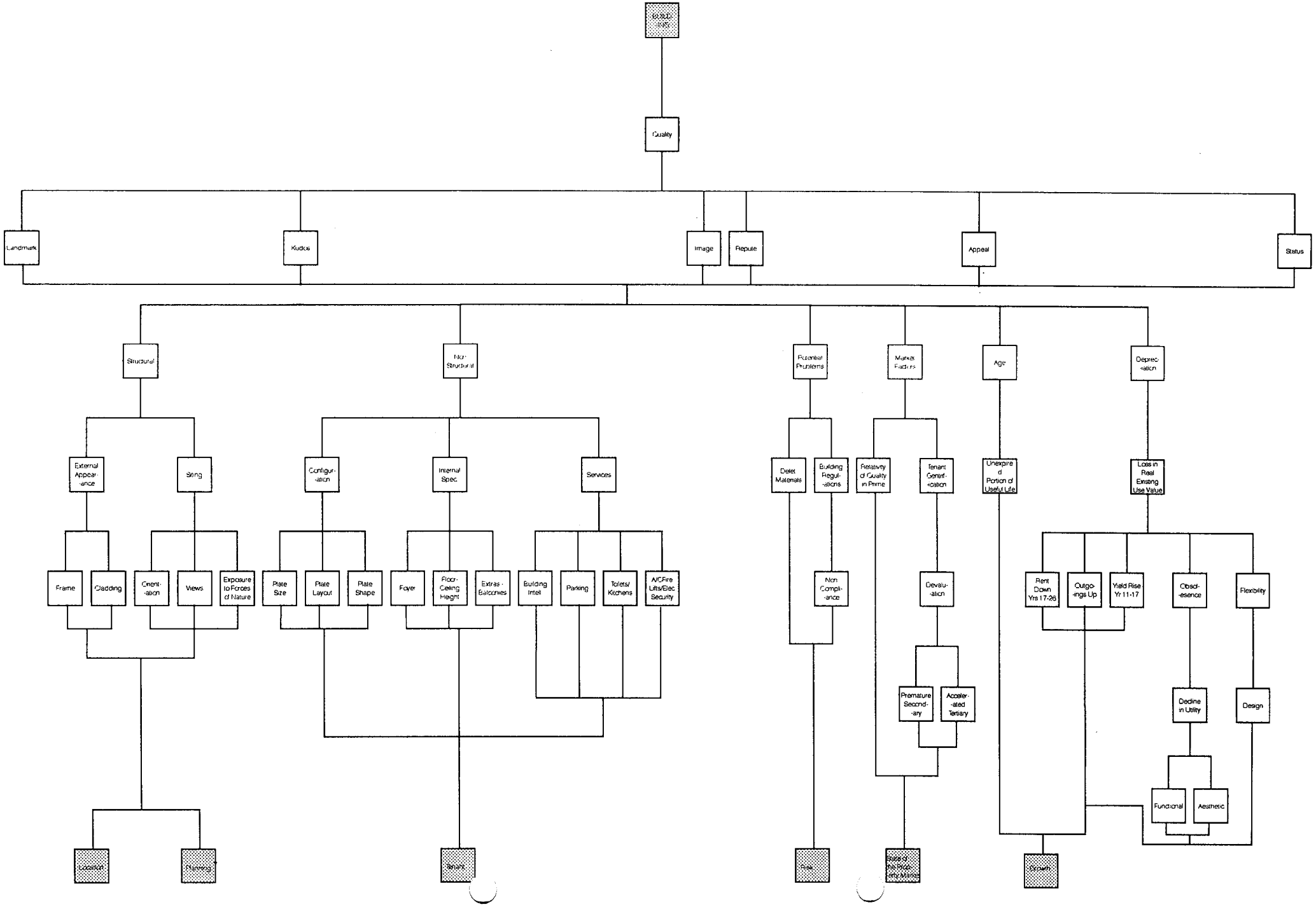


APPENDIX 2.2

MICRO TAXONOMY 2

BUILDING

MICRO TAXONOMY 2 - BUILDING

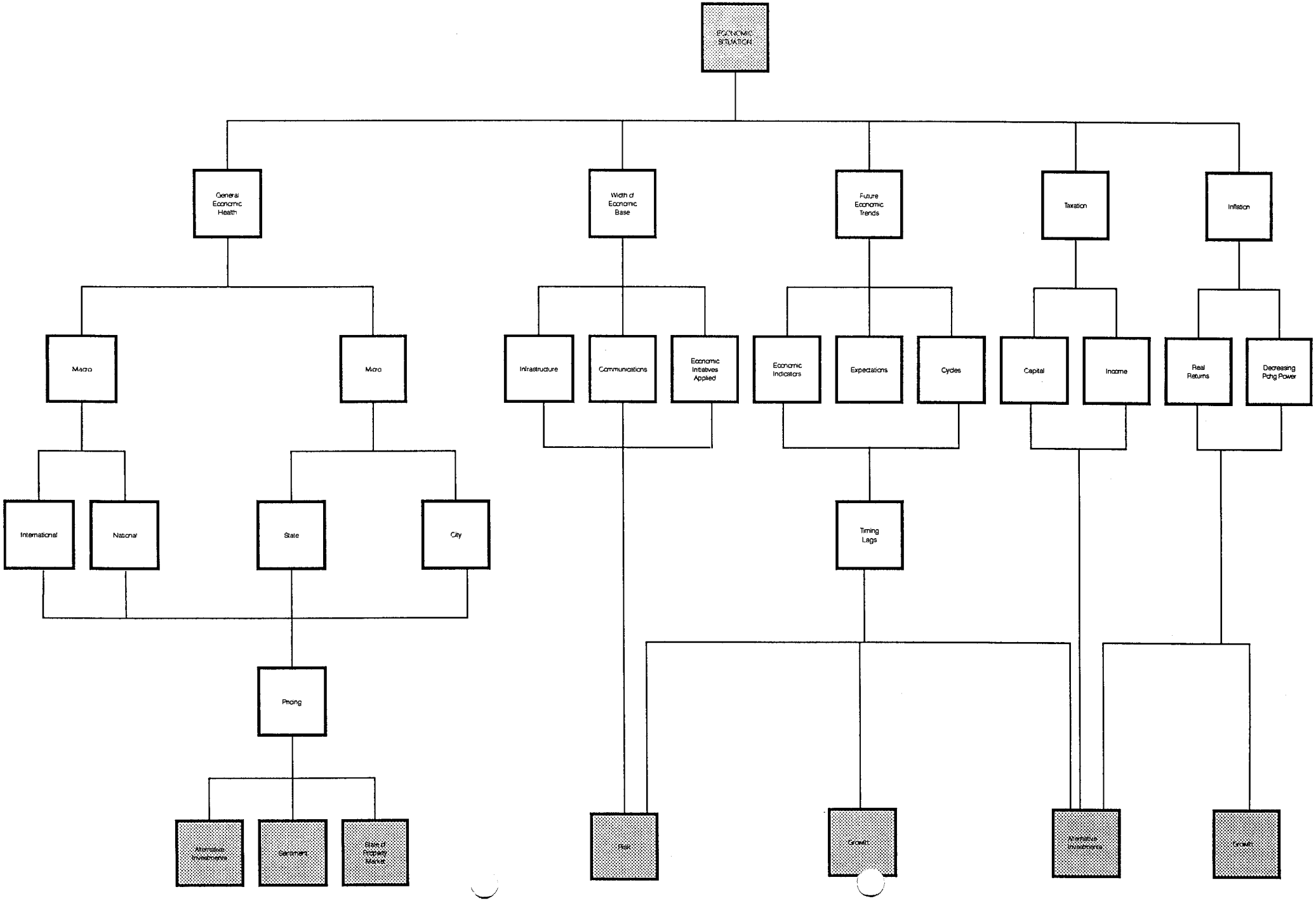


APPENDIX 2.3

MICRO TAXONOMY 3

ECONOMIC SITUATION

MICRO TAXONOMY 3 - ECONOMIC SITUATION

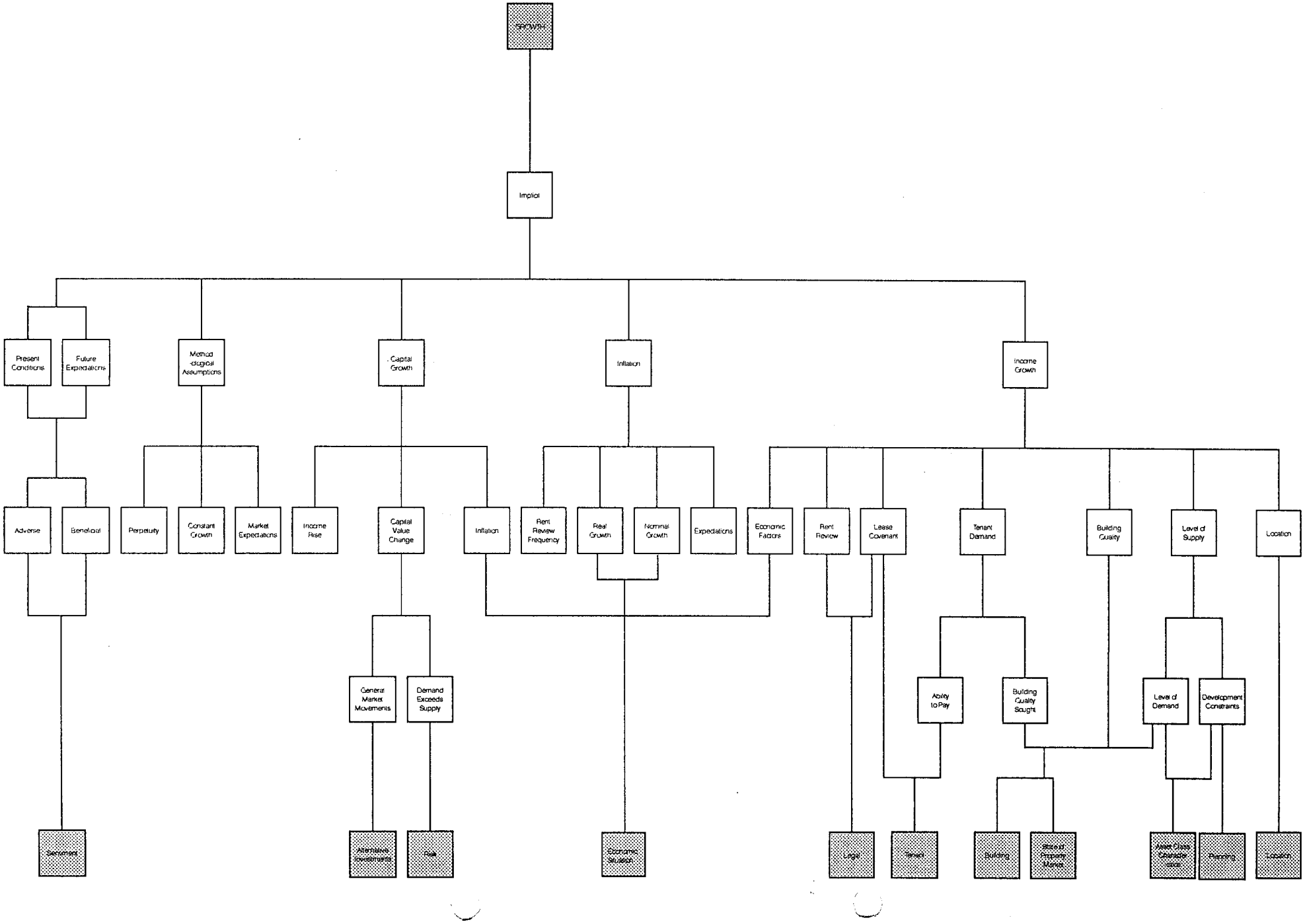


APPENDIX 2.4

MICRO TAXONOMY 4

GROWTH

MICRO TAXONOMY 4 - GROWTH

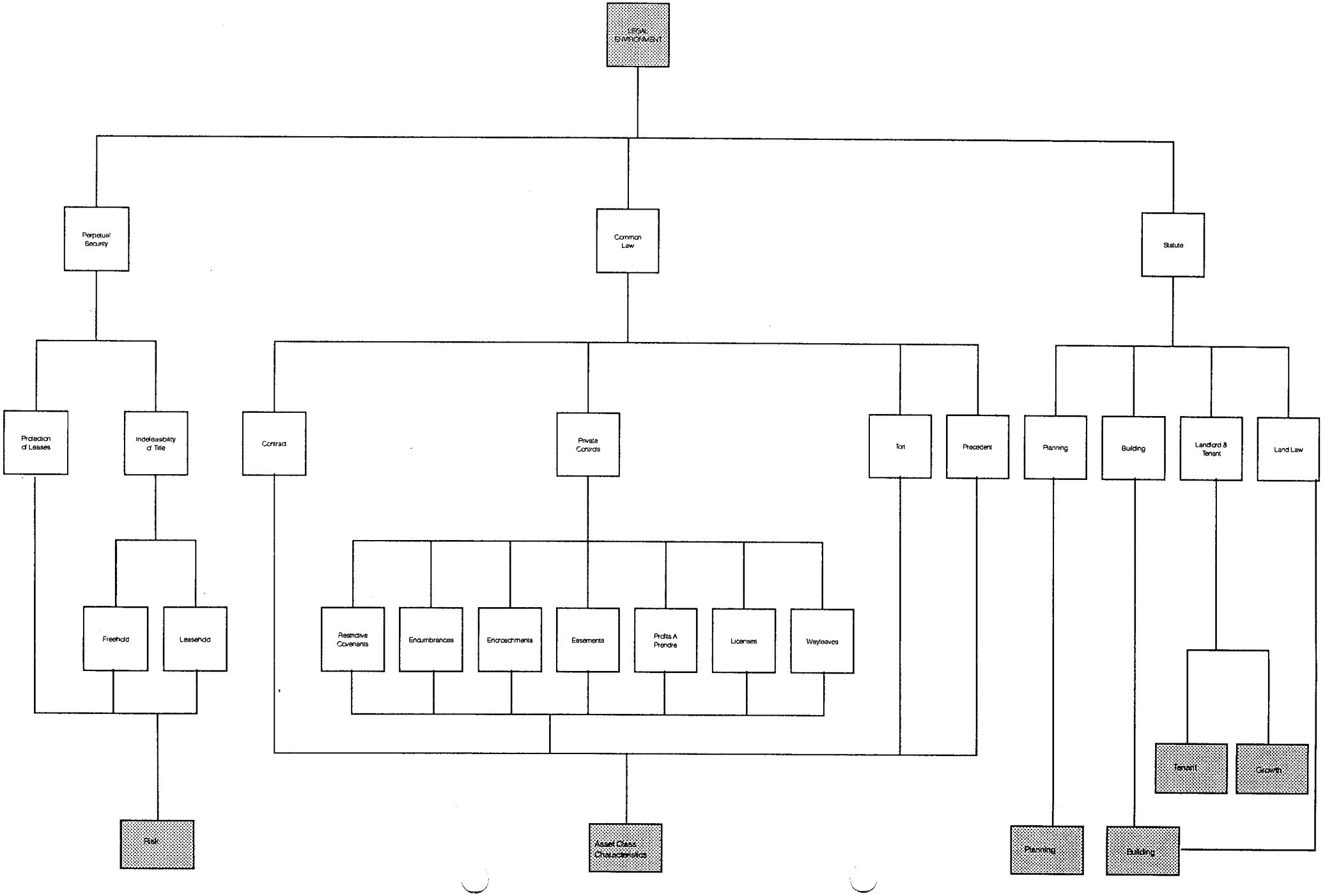


APPENDIX 2.5

MICRO TAXONOMY 5

LEGAL ENVIRONMENT

MICRO TAXONOMY 5 - LEGAL ENVIRONMENT

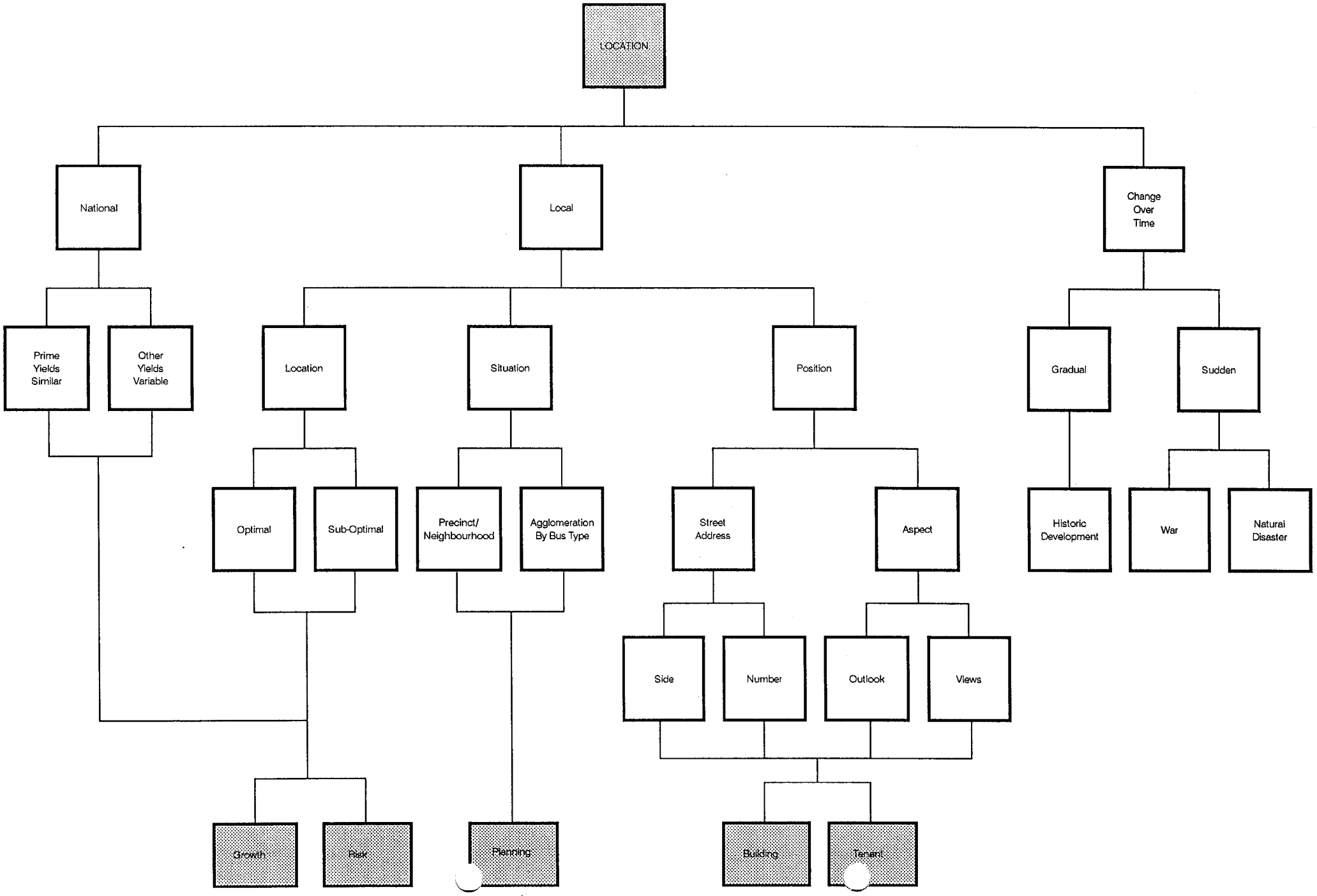


APPENDIX 2.6

MICRO TAXONOMY 6

LOCATION

MICRO TAXONOMY 6 - LOCATION

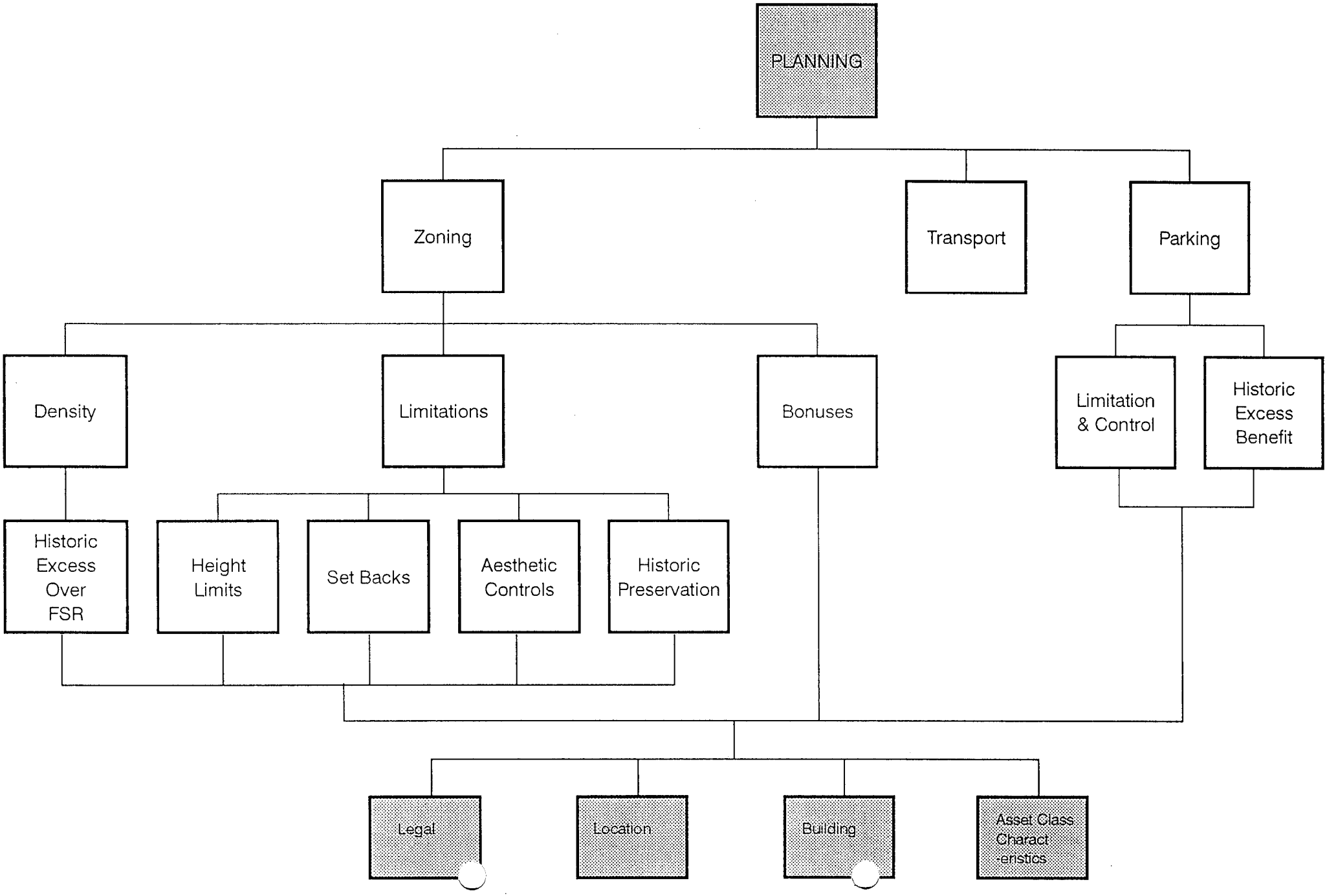


APPENDIX 2.7

MICRO TAXONOMY 7

PLANNING

MICRO TAXONOMY 7 - PLANNING

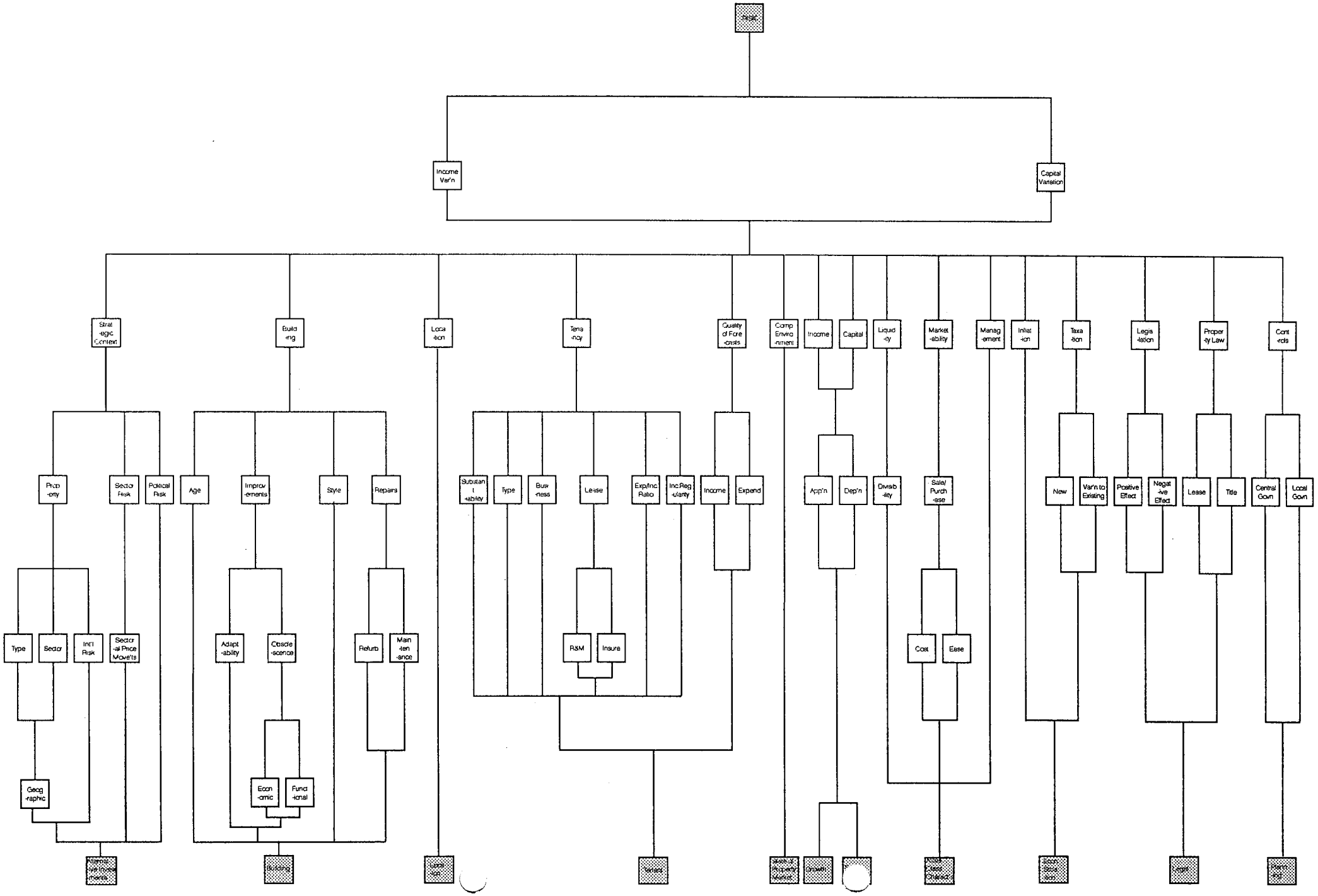


APPENDIX 2.8

MICRO TAXONOMY 8

RISK

MICRO TAXONOMY 8 - RISK

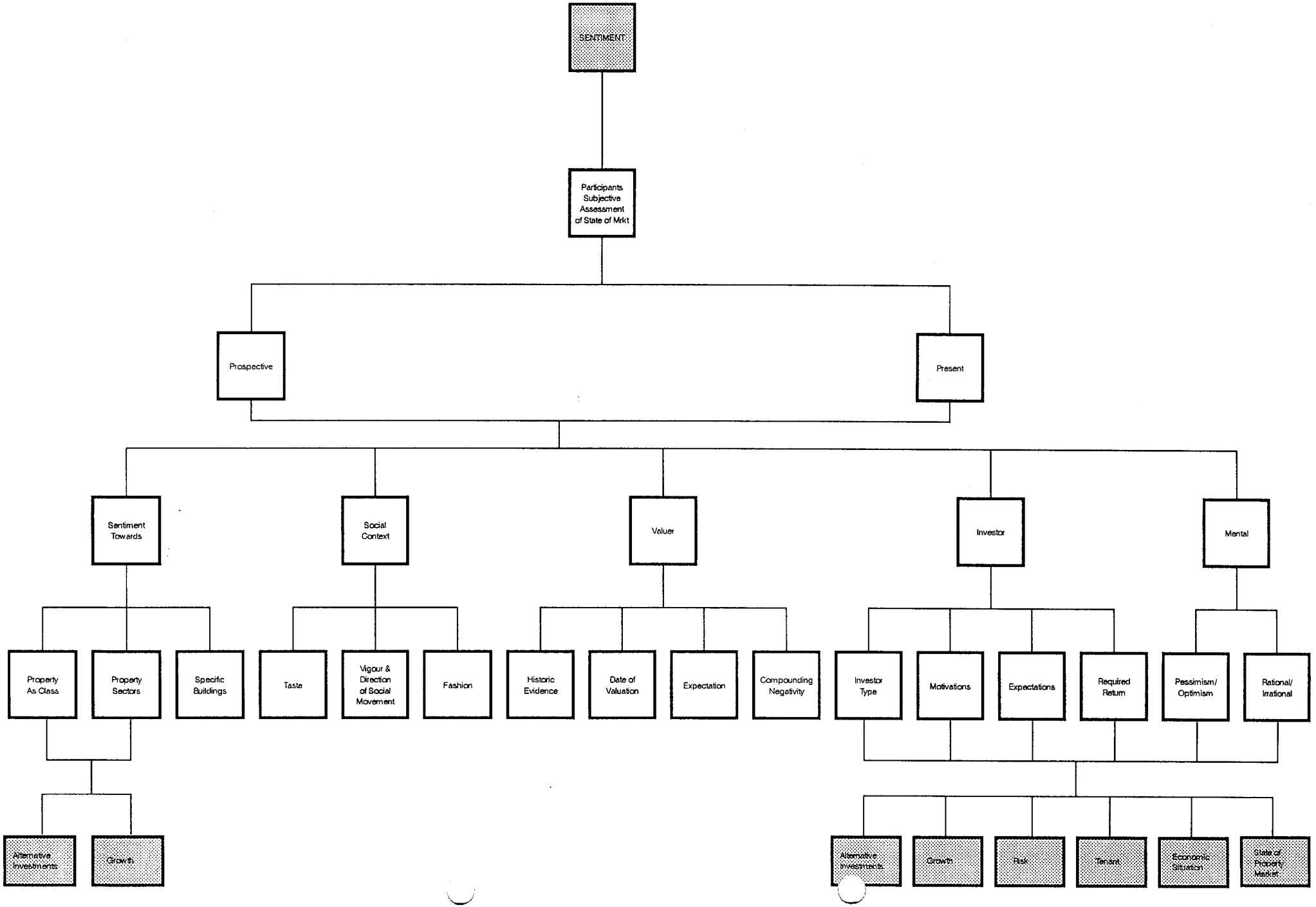


APPENDIX 2.9

MICRO TAXONOMY 9

SENTIMENT

MICRO TAXONOMY 9 - SENTIMENT



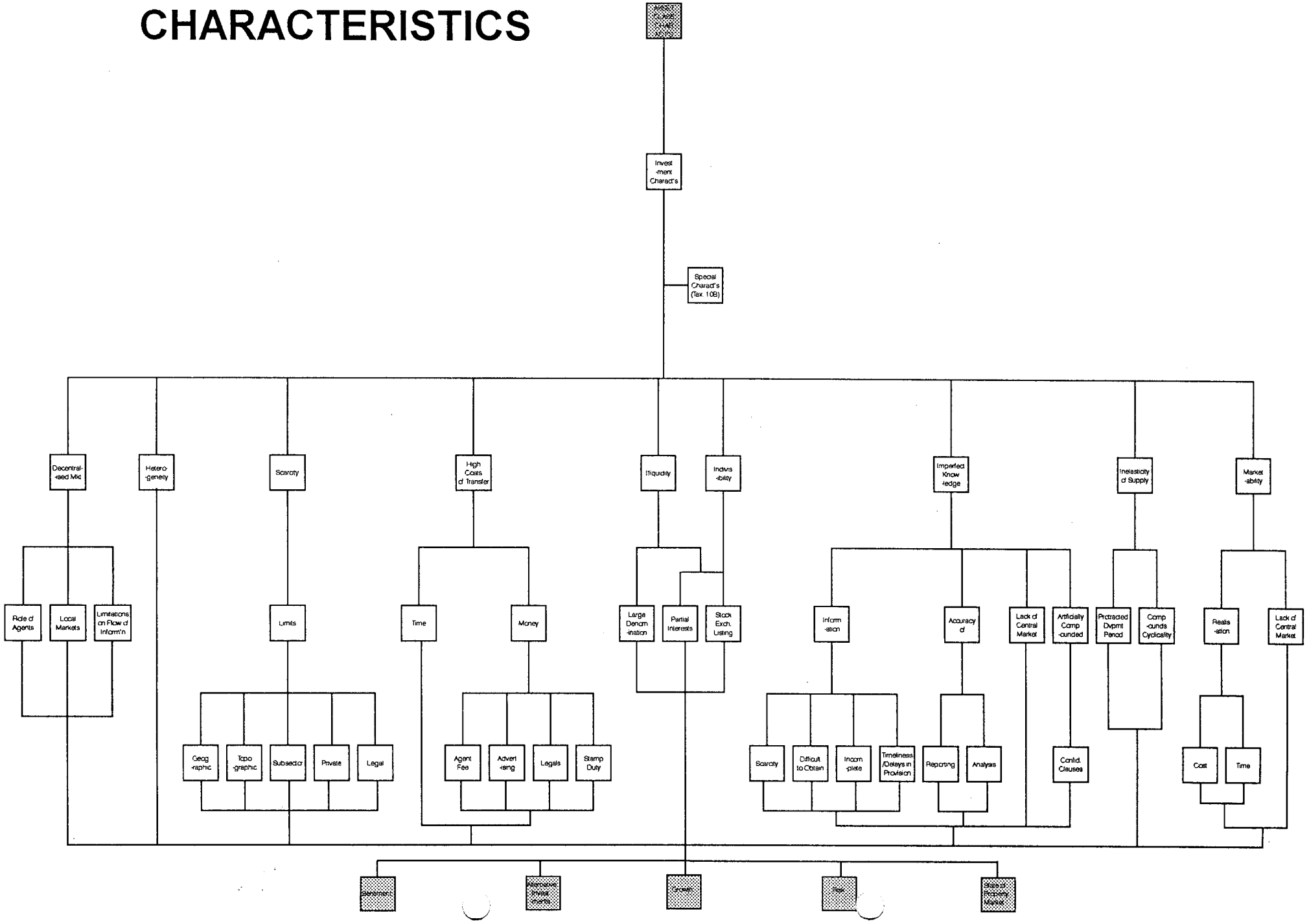
APPENDIX 2.10

MICRO TAXONOMY 10A

SEPARABLE ASSET CLASS CHARACTERISTICS

INVESTMENT CHARACTERISTICS

MICRO TAXONOMY 10A - SEPARABLE ASSET CLASS CHARACTERISTICS



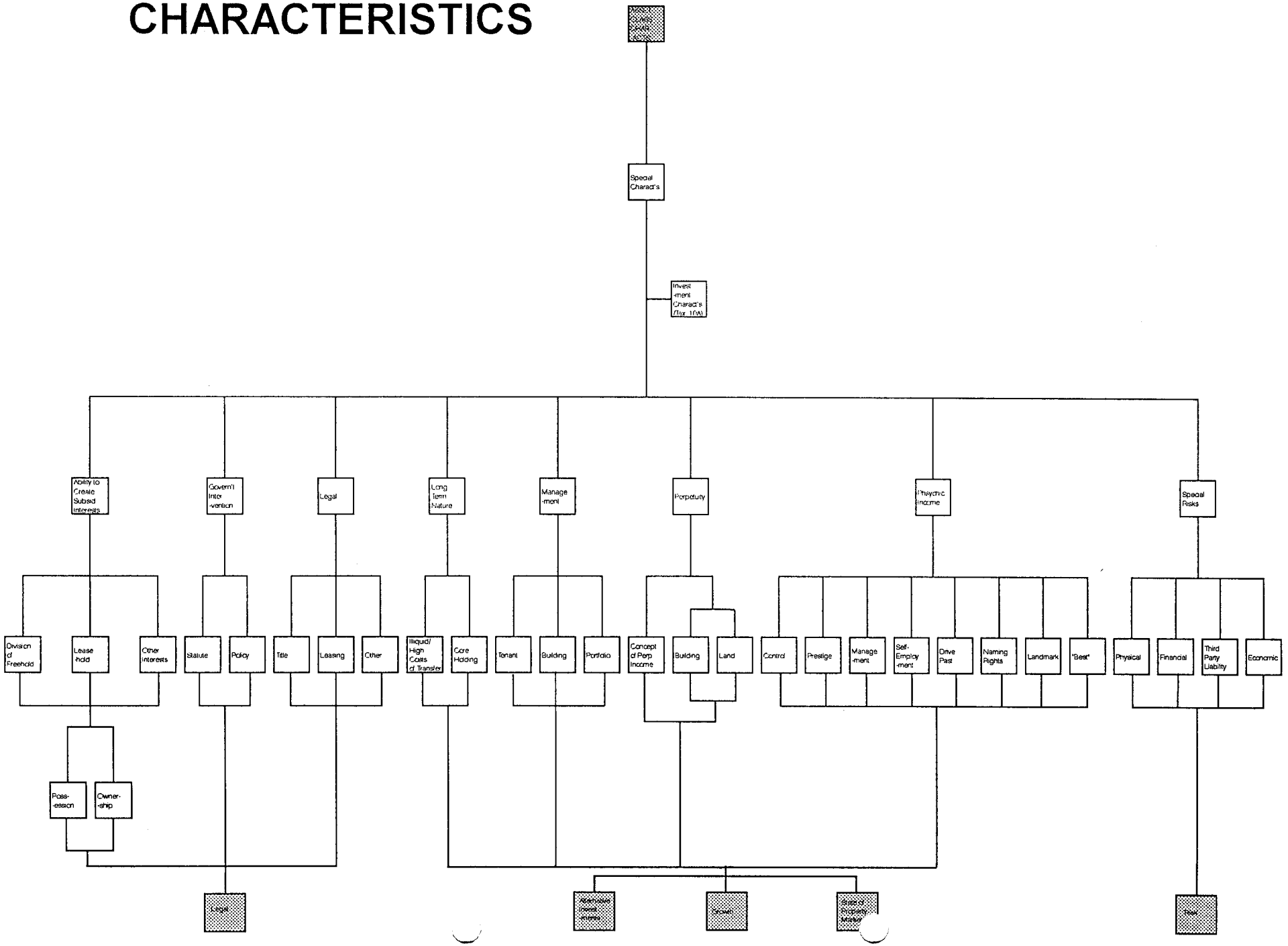
APPENDIX 2.11

MICRO TAXONOMY 10B

SEPARABLE ASSET CLASS CHARACTERISTICS

SPECIAL CHARACTERISTICS

MICRO TAXONOMY 10B - SEPARABLE ASSET CLASS CHARACTERISTICS

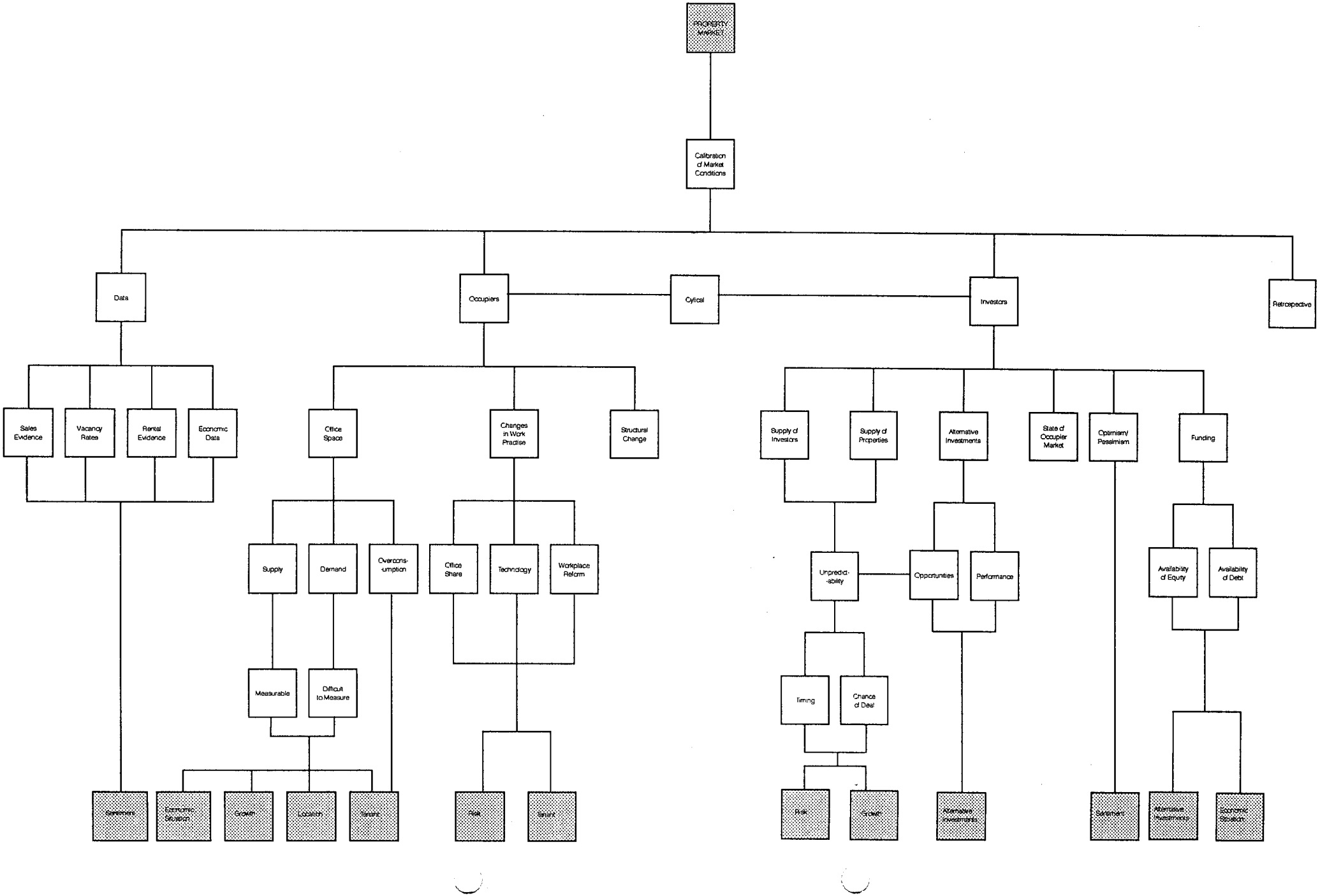


APPENDIX 2.12

MICRO TAXONOMY 11

STATE OF THE PROPERTY MARKET

MICRO TAXONOMY 11 - STATE OF THE PROPERTY MARKET

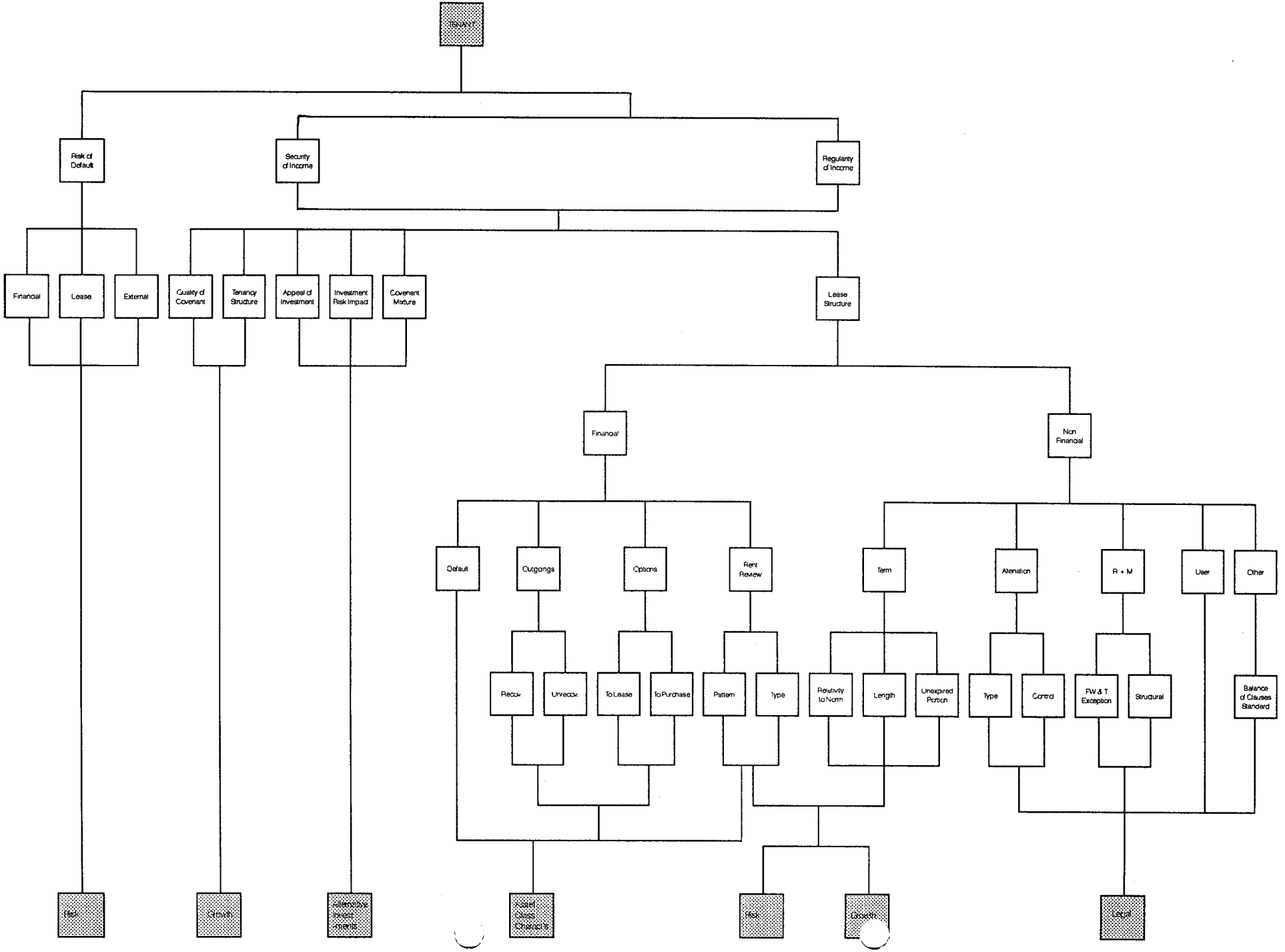


APPENDIX 2.13

MICRO TAXONOMY 12

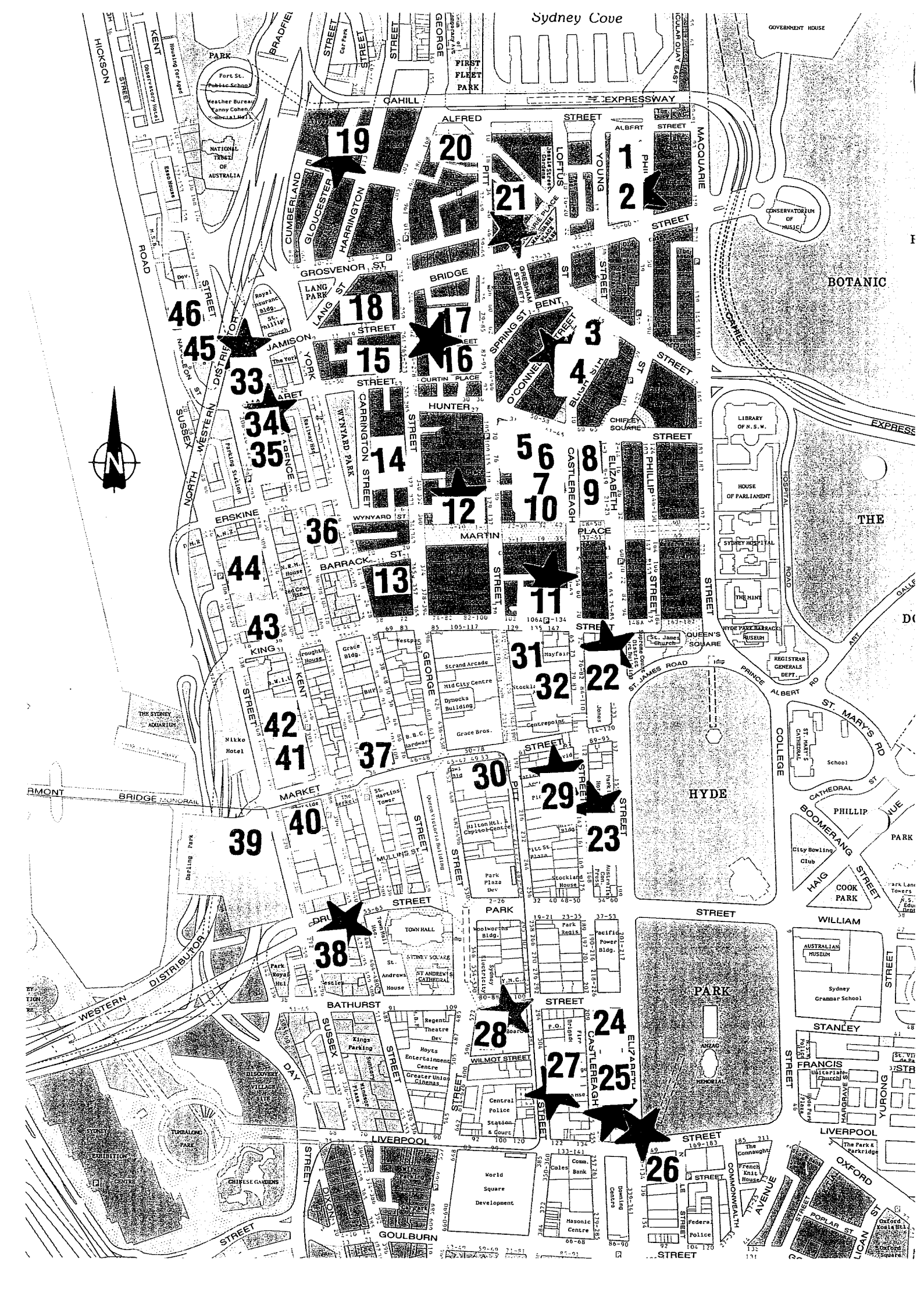
TENANT

MICRO TAXONOMY 12 - TENANT



APPENDIX 3.1

MAP OF GRADE A OFFICE PROPERTIES IN SYDNEY CBD


Sydney Cove
GOVERNMENT HOUSE
FIRST FLEET PARK
CAHILL EXPRESSWAY
ALFRED STREET
ALBERT STREET
MACQUARIE STREET
LOFTUS STREET
YOUNG STREET
PITT STREET
CUMBERLAND STREET
GLOUCESTER STREET
HARRINGTON STREET
GROSVENOR ST.
BRIDGE STREET
LANG PARK
LANG ST
GRESHAM STREET
SPRING ST
BENT STREET
O'CONNELL STREET
BLIGHT ST
CURTIN PLACE
HUNTER STREET
CHIFLEY SQUARE
JAMISON STREET
YORK STREET
CARRINGTON STREET
WYNYARD PARK
WYNYARD ST
MARTIN PLACE
CASTLEREAGH STREET
ELIZABETH STREET
PHILLIP STREET
ERSKINE STREET
BARRACK ST.
KING STREET
MARKET STREET
GEORGE STREET
PARK STREET
MULLINS STREET
BATHURST STREET
WILMOT STREET
LIVERPOOL STREET
GOULBURN STREET
DIXON STREET
SUSSEX STREET
KENT STREET
HICKSON ROAD
NORTH WESTERN DISTRIBUTOR
WESTERN DISTRIBUTOR
DARLING HARBOUR
BOTANIC
THE DOMAIN
HYDE PARK
HYDE
LIBRARY OF N.S.W.
HOUSE OF PARLIAMENT
SYDNEY HOSPITAL
THE MINT
HYDE PARK BARRACKS MUSEUM
REGISTRAR GENERALS DEPT.
QUEEN'S SQUARE
St. James Church
ST JAMES ROAD
PRINCE ALBERT RD
COLLEGE ST
ST. MARY'S RD
CATHEDRAL
PHILLIP
BOOMERANG
HAIG
COOK
PARK
City Bowling Club
WILLIAM STREET
AUSTRALIAN MUSEUM
Sydney Grammar School
STANLEY
FRANCIS
YURONG
LIVERPOOL
OXFORD
POPLAR ST
AVENUE
ANZAC MEMORIAL
CONSERVATORIUM OF MUSIC
Fort St. Public School
Weather Bureau
Fanny Cohen Memorial Hall
NATIONAL TRUST OF AUSTRALIA
Observatory House
Housing for Aged
Esso House
Royal Insurance Bldg.
St. Philip's Church
The York
Parking Station
Rail Tunnel Hwy
N.R.M. House
Red Cross House
Trocadero
Grace Bldg.
Westpac
Strand Arcade
Wild City Centre
Dymocks Building
Grace Bros.
Mayfair
Stocklands
Jones
Centrepoint
B.B.C. Hardware
Nikko Hotel
THE SYDNEY AQUARIUM
Darling Park
St. Martins Tower
Queen Victoria Building
Hilton Hotel Capitol Centre
Park Plaza Dev
Stocklands House
Australia Trade Press
Woolworths Bldg.
Park Regis
Pacific Power Bldg.
TOWN HALL
ST. ANDREW'S CATHEDRAL
Park Royal Hotel
Sydney Electricity
Regent Theatre Dev
Hoyts Entertainment Centre
Greater Union Cinemas
Kings Parking
Suntory
Kinsview Plaza
Central Police Station & Court
Commonwealth Bank
Coles
Masonic Centre
Downing Centre
Federal Police
The Connaught
French Knit House
The Park & Parkridge
World Square Development
DISCOVERY VILLAGE
TUMBALONG PARK
CHINESE GARDENS
SYDNEY EXHIBITION CENTRE
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APPENDIX 3.2

1991, 1992 AND 1993 PILOT SURVEY FORMS

MASTER OF COMMERCE (LAND ECONOMY)

MCB 601 THESIS: ASPECTS OF THE DETERMINANTS OF YIELD

PRACTITIONER INTERVIEW QUESTIONNAIRE

INTRODUCTION

Provide respondent with general background advice regarding the following:

Research part of preparation of thesis for Master Of Business (Land Economy) at UWS, Hawkesbury

Thesis considers the determinants of the yield adopted in the capitalisation method of valuation

This survey seeks to ascertain whether the security and regularity of an income stream is a determinant of yield

If so, it is intended to try and assess the relative importance of security and regularity of income as a determinant compared with other determinants of yield

Finally, the survey aims to assess how an experienced practitioner approaches the assessment of yield for a hypothetical office property given a set of assumptions and a series of different scenarios

QUESTIONS REGARDING SIZE OF PRACTICE AND TYPE OF VALUATION WORK UNDERTAKEN

Number of registered valuers employed in the city office who practise as valuers?

Approximate number of valuations undertaken each year?

Approximate percentage split by number between valuation of office, retail and industrial investment properties and all other types of valuations (residential, agricultural, hotel and leisure, statutory, resumption, etc)?

Approximate range of capital values for valuation work undertaken in last year?

Which notable Sydney office towers have you valued in the last year?

Do you consider that you actively pursue CPD and keep to the forefront of developments in valuation theory, practise and techniques?

QUESTIONS REGARDING THE PROFESSIONAL EDUCATION AND EXPERIENCE OF THE RESPONDENT

Number of years spent as a practising valuer?

Number of states in which registered?

Membership of societies/associations:

AIVLA - Fellow (date) or Associate (date)
RICS - Fellow (date) or Associate (date)
ISVA - Fellow (date) or Associate (date)
Other - Fellow (date) or Associate (date)

Posts or offices held within professional societies, associations or the property industry?

QUESTIONS REGARDING THE RELATIVE USE OF THE CAPITALISATION OF INCOME METHOD OF VALUATION

Of the office, retail and industrial properties valued by your office, what percentage would have been valued using the capitalisation of income method?

For income producing property, which of the following do you consider to be the principal valuation method and which do you consider to be the ancillary method:

- capitalisation of income method;
- discounted cash flow/internal rate of return techniques?

What other methods do you use to value income producing property?

How would you define the capitalisation method of valuation?

CONSIDERING CAPITALISATION RATES AS THEY APPLY TO OFFICE INVESTMENT PROPERTY ONLY

How do you determine the appropriate capitalisation rate?

- use the last sale/comparable sales approach; or
- use the principles of market dynamics?

What do you do if there is no comparable sales evidence?

What exactly do you look for before deciding to change the capitalisation rate? - are there specific indicators that you are on the look-out for before you will change?

Do you place a different emphasis on different indicators at different stages in the cycle? (ie: a boom period may have different relevant indicators to a recession period)

Do you look in detail at the rent review clauses in the leases for properties being valued? - particularly the definition of the rent payable on review and at option

Do you adopt a conventionally defined open market rental value figure or do you adjust for the constraints of drafting in a particular lease?

How would you define "capitalisation rate"?

What do you think are the principal determinants of yield for a Sydney CBD office investment property in the current market?

Here is a list of factors which could be argued to be determinants of yield (Schedule A) - rank them in your opinion of their order of importance (very important, important, low importance, unimportant)

Do you consider that there too many variables all impacting on capitalisation rates simultaneously to permit identification of specific variables as more important than others?

When applying the capitalisation method to value an office investment property, do you consciously distinguish between factors which influence rent and those which influence capitalisation rates?

Is double counting such factors a problem?

Do you think that the property investment market follows the general investment market? - does it lag? - if so, by how long?

CONSIDER A HYPOTHETICAL OFFICE INVESTMENT PROPERTY IN NORTH SYDNEY

Here are the details of a prime office investment in North Sydney, some assumptions to be made about it and a brief summary of the current state of the market (Schedule B)

Assume that the building is let to one tenant on a long, 10 year lease at a market rental, subject to no incentives, with two yearly upward only open market rent reviews on a floor by floor basis and no unrecoverable outgoings - the tenant is a "blue-chip" covenant from the private sector

Assume that the gross lease is acceptable to investors and that the investment is within the price range of active buyers in the North Sydney market

Though the Schedule uses 8%, what capitalisation rate would you apply if you were to value the property today?

Would this capitalisation rate change if the hypothetical building was leased to four different "blue-chip" tenants with staggered rent review dates?

Would you consider a single tenant be a riskier cash flow prospect than multiple tenants, assuming same quality of covenant for all?

For each of the following scenarios what change to the capitalisation rate or approach to the valuation would you make to reflect the adjustment:

Scenario 1 - Tenant Is "Blue-Chip", Consider Impact of Accurately Quantifiable Cash Flow Changes

Adjustment A
Assume that the tenant is to receive an 18 month rent free period - how would you reflect this in your capitalisation valuation?

(If reflection solely in capitalisation rate moves by 1.27% to 9.27%)

Adjustment B
Assume that the landlord pays a capital sum at the beginning of the lease of $3.15m (nominal equivalent of 18 months rent free)

(If reflection solely in capitalisation rate moves by 1.37% to 9.37%)

Adjustment C
If, instead of a two yearly open market rent review pattern, the lease had annual reviews of +6%, would you change the capitalisation rate? / how would you reflect this in your capitalisation valuation?

(If reflection solely in capitalisation rate moves by 1.12% to 6.88%)

Scenario 2 - Tenant Not "Blue-Chip" And Delay In The Cash Flow But No Loss Of Cash Flow

Adjustment A
Assume that the tenant could be anticipated to persistently pay rent late, say at the end of the period in arrears rather than in advance

(Persistent payment one quarter late made 0.06% change in capitalisation rate to 8.06%)

Adjustment B
Assume that the tenant could be anticipated to be a very poor rent payer who is regularly up to 6 months in arrears

(Persistent payment two quarters late made 0.12% change in capitalisation rate to 8.12%)

Adjustment C
Assume that the tenant may be anticipated to contest each rent review and protract settlement for up to 6 months after each review

(Protracted agreement year 5 only made 0.003% change in capitalisation rate to 8.003%)
(Protracted agreement each two years using rental escalator of 10% pa made 0.01% change in capitalisation rate to 8.01%)

Scenario 3 - Tenant Not "Blue-Chip" And Potential Loss Of Cash Flow

Adjustment A
Assume that the tenant is of such a poor quality of covenant that it is possible it may become insolvent after paying rent for 12 months and you are aware that it may then take 9 months to re-let the building and it may be necessary to give 12 months rent free

(If reflection solely in capitalisation rate moves by 1.80% to 9.80%)

(If tenant becomes insolvent after 24 months and reflection solely in capitalisation rate, moves by 1.67% to 9.67%)

(If tenant becomes insolvent after 48 months and reflection solely in capitalisation rate, moves by 0.66% to 8.66%)

Adjustment B
How would you reflect a break clause at the tenants sole option at the end of year 4 in your capitalisation valuation? - assume a "blue-chip" tenant

(No model answer - discuss respondents comments)

RELATIONSHIP BETWEEN VACANCY RATES AND YIELD

Assume that the following applies, where relevant, to Sydney CBD office investment property

When using the capitalisation of income approach, would you use a vacancy rate in the valuation calculations?

What level of vacancy rate would you use and what are the factors influencing your judgement?

When, exactly, in the valuation equation would you apply the vacancy rate?

Is the vacancy rate property specific - ie: do you consider the property and assess the appropriate vacancy rate for that property - or is there a standard vacancy rate for all offices? - is there any objective analysis behind the assessment of vacancy rates?

Would you use the same vacancy rate for offices, retail and industrial property?

Thank-you.

SCHEDULE A

DETERMINANTS OF CAPITALISATION RATES

___ Location - situation, position, etc

___ Building itself - age, condition, quality of services, special features, obsolescence, etc

___ Tenant(s) - security and regularity of income stream, structure of lease(s), rent review provisions, outgoings shortfalls, etc

___ Legal Issues - freehold/leasehold, restrictive covenants, leases, health and safety issues, etc

___ Planning - plot ratios, zoning/use limitations, etc

___ Growth Prospects - potential for income growth and/or capital appreciation

___ Risk - the possibility of events not occurring as anticipated

___ Alternative Investments - both alternative property investments and opportunities in other sectors such as equities, fixed interest or cash

___ Special Characteristics Of Property As An Asset Class - long term nature, illiquidity, management intensity, market imperfections, lack of information, scarcity, durability, etc

___ State Of The Property Market - supply and demand for both investment owners and tenants, relative state of the prime office sub-market, market stability, etc

___ Economic Situation - International/Federal/State/City levels, macro and micro, taxation position, etc

___ Sentiment - general sentiment towards property as an investment asset class currently, perceptions for the future, etc

SCHEDULE B

NORTH SYDNEY - HYPOTHETICAL OFFICE INVESTMENT PROPERTY

Property:	5,000 sqm @ $420 psm pa gross	$2,100,000
	Less outgoings:	
	5,000 sqm @ $95 psm pa	($475,000)
	Net Rent	$1,625,000
	Capitalised at	8%
	Capital Value	$20,312,500

Assumptions:

Location - absolute prime North Sydney location
Building - just completed, very high quality of finishes and services, flexible, best available
Market - as below
Other - assume that the economic situation, attractiveness of alternative investments, sentiment, etc are all as presently in North Sydney

State Of The Market:

As presently prevailing in North Sydney, ie:

- market very subdued
- 1991 leasing take-up approximately half of the average of the past 5 years
- level of new office completions very low - 15,000 sqm for whole of year, of which 5,000 sqm pre-committed so no significant overbuilding
- attractive lease deals available for tenants with tenants being very discriminating and slow to commit - demand very weak
- Metroplaza due to become available 1992 - 35,500 sqm
- Projections:

	Rent	Outgoings	Vac Rate
1991	-7-8%	$95	15-16%
1992	+0%	+0%	16-17%
1993	+0%	+4%	13-14%
1994	+3%	+4%	10-11%
1995	+8-12%	+7%	7-8.5%
1996	12%+	+7%	6-8.5%

- Prime yields - 7.75-8.5% though sales in range of 8-10% likely
- Investment buyer interest - relatively strong from SE Asia and syndicates

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School Of Building, Faculty Of Design, Architecture & Planning, UTS, Sydney

PhD PRACTITIONER QUESTIONNAIRE

INTRODUCTION

The following questions form part of the collection of background information for a study of the determinants of the capitalisation rate for CBD office investment property. Each question should be assumed to refer to a CBD office investment tower in a prime location in Sydney, leased at market rents with no shortfall in recoverable outgoings, on long, institutional leases in the current property market.

INFORMATION ABOUT THE RESPONDENT

To ascertain the statistical depth of the sample, please complete the following basic details.

Number of registered valuers in the valuation division: _____

Approximate total number of valuations undertaken each year: _____

Approximate number of CBD office valuations undertaken each year: _____

Range of capital values of buildings valued $_____ -$_____

Number of years spent practising as a valuer: _____

Professional societies/associations designations: _____

Posts held within professional societies/associations: _____

DETERMINANTS OF THE CAPITALISATION RATE

For a CBD office investment property (on the assumptions given above), tick the relevant box below for the level of importance which you would attach to each of the following determinants of the capitalisation rate:

	Least Important				Most Important
	1	2	3	4	5
Building Itself - services, features, reputation, etc					
Tenants - security and regularity of income, outgoings shortfalls, etc					
Legal Issues - freehold/leasehold, restrictive covenants, etc					
Planning - zoning, plot ratio, use limitations, etc					
Location, - situation, position, etc					
Growth Prospects -potential for income growth &/or capital appreciation					
Risk - the possibility of events not occurring as anticipated					
Alternative Investments - other property investment alternatives, equities, etc					
Special Characteristics Of Property - long term nature, illiquid, etc					
State Of The Property Market - supply and demand for investors and occupiers					
Economic Situation - international, federal, state, city levels					
Sentiment - towards property as an asset class					

Do you consider any of the above determinants affect/are affected by others on the list?
If so, link the respective determinants with hand-drawn arrows as appropriate.

SOURCES OF THE CAPITALISATION RATE

Please rank the following as 1, 2, 3, etc in descending order of importance to you as a source of capitalisation rates for prime office investments in the Sydney CBD in the current market:

___ Directly comparable sales
___ Changes in the market since the last directly comparable sale
___ Recent sales of other types of office property
___ Recent sales of all types of office property
___ Discussions with investors
___ Discussions with agents
___ Your own feelings of market levels
___ Relative position of and movements in other asset classes (eg: equities, bonds, etc)

FUTURE DIRECTION OF CAPITALISATION RATES

For a prime, CBD office tower in Sydney (on the assumptions given above), what are your current views on the following:

Capitalisation Rates:		Rental Growth Prospects:	
Now:	___%	Over 1993:	___%
In 6 months:	___%	Over 1994:	___%
In 1 year:	___%	Over 1995:	___%
In 2 years:	___%	Over 1996:	___%

What would you consider to be an acceptable 10 year IRR today for a prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

What would you expect to be the likely order of movement in value over the next year for prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

When do you expect the property market for prime, CBD office investment property in Sydney (on the assumptions given above) to bottom ?: _____, 199__

What would you currently consider to be an appropriate vacancy rate deduction for prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

FUTURE TRENDS IN INDICATORS

Please tick the relevant box below for your view of the prospects of each indicator listed over the next 6 to 12 months:

	Peaking	Improving	Weakening	Bottoming	Your Forecast For 12/1993
For prime CBD offices:					
vacancy rate					
occupier demand					
investor demand					
property mkt sentiment					
All Ords Index					
10 Year Bond Rate					
90 Day Bill Rate					
Building Approvals					
Unemployment					
CPI					
Business Investment					
Bank lending for property development					
investment					

Please fax completed questionnaires to David Parker - fax number (02) 251 5354
or mail to GPO Box 3002, Sydney, NSW 2001

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School Of Building, Faculty Of Design, Architecture & Planning, UTS, Sydney

1993 PhD PRACTITIONER QUESTIONNAIRE

INTRODUCTION

The following questions form part of the collection of background information for a study of the determinants of the capitalisation rate for CBD office investment property. Each question should be assumed to refer to a CBD office investment tower in a prime location in Sydney, leased at market rents to several tenants with no shortfall in recoverable outgoings, on long, institutional leases in the current property market and subject to no unusual features or problems.

The collection of information on a decision-making process such as capitalisation rate selection is unavoidably qualitative. Accordingly, some of the following questions may seem odd and your patience is appreciated.

INFORMATION ABOUT THE RESPONDENT

To ascertain the statistical depth of the sample, please complete the following basic details:

Approximate total number of valuations undertaken each year: _____

Approximate number of CBD office valuations undertaken each year: _____

Range of capital values of buildings valued $_____-$_____

Number of years spent practising as a valuer: _____

Professional societies/associations designations: _____

Posts held within professional societies/associations: _____

SOURCES OF THE CAPITALISATION RATE

Please rank the following as 1, 2, 3, etc in descending order of importance to you as a source of capitalisation rates for prime office investments in the Sydney CBD in the current market:

___ Directly comparable sales
___ Changes in the market since the last directly comparable sale
___ Recent sales of other types of office property
___ Recent sales of all types of office property
___ Discussions with investors
___ Discussions with agents
___ Discussions with other valuers
___ Your own feelings of market levels
___ Relative position of and movements in other asset classes (eg: equities, bonds, etc)

BASIS OF THE CAPITALISATION RATE DECISION

In the selection of a capitalisation rate, what percentage of the decision is based on the following?:

Looking at past events	_____%
Concentrating on the present	_____%
Looking to the future	_____%
Total	100%

DETERMINANTS OF THE CAPITALISATION RATE

For a CBD office investment property (on the assumptions given above), tick the relevant box below for the level of importance which you would attach to each of the following determinants of the capitalisation rate:

	LEAST IMPORTANT				MOST IMPORTANT
	1	2	3	4	5
ALTERNATIVE INVESTMENTS Equities, bonds, other property investment alternatives, etc					
BUILDING ITSELF Services, features, reputation, etc					
ECONOMIC SITUATION International, federal, state, city levels					
GROWTH PROSPECTS Potential for income growth &/or capital appreciation					
LEGAL ISSUES Freehold/leasehold. restrictive covenants, etc					
LOCATION Situation, position, etc					
PLANNING Zoning, plot ratio, use limitations, etc					
RISK The possibility of events not occurring as anticipated					
SENTIMENT Towards property as an asset class					
SPECIAL CHARACTERISTICS OF PROPERTY As an asset class, long term nature, illiquid, etc					
STATE OF THE PROPERTY MARKET Supply and demand for investors and occupiers					
TENANTS Security & regularity of income, etc					

Which 3 determinants are the most important?:

1._____ 2._____ 3._____

RELATIVE PROPORTIONS OF THE CAPITALISATION RATE DECISION

Based on the levels of importance given above, what percentage of the decision on the selection of the capitalisation rate is attributable to each of the following factors?:

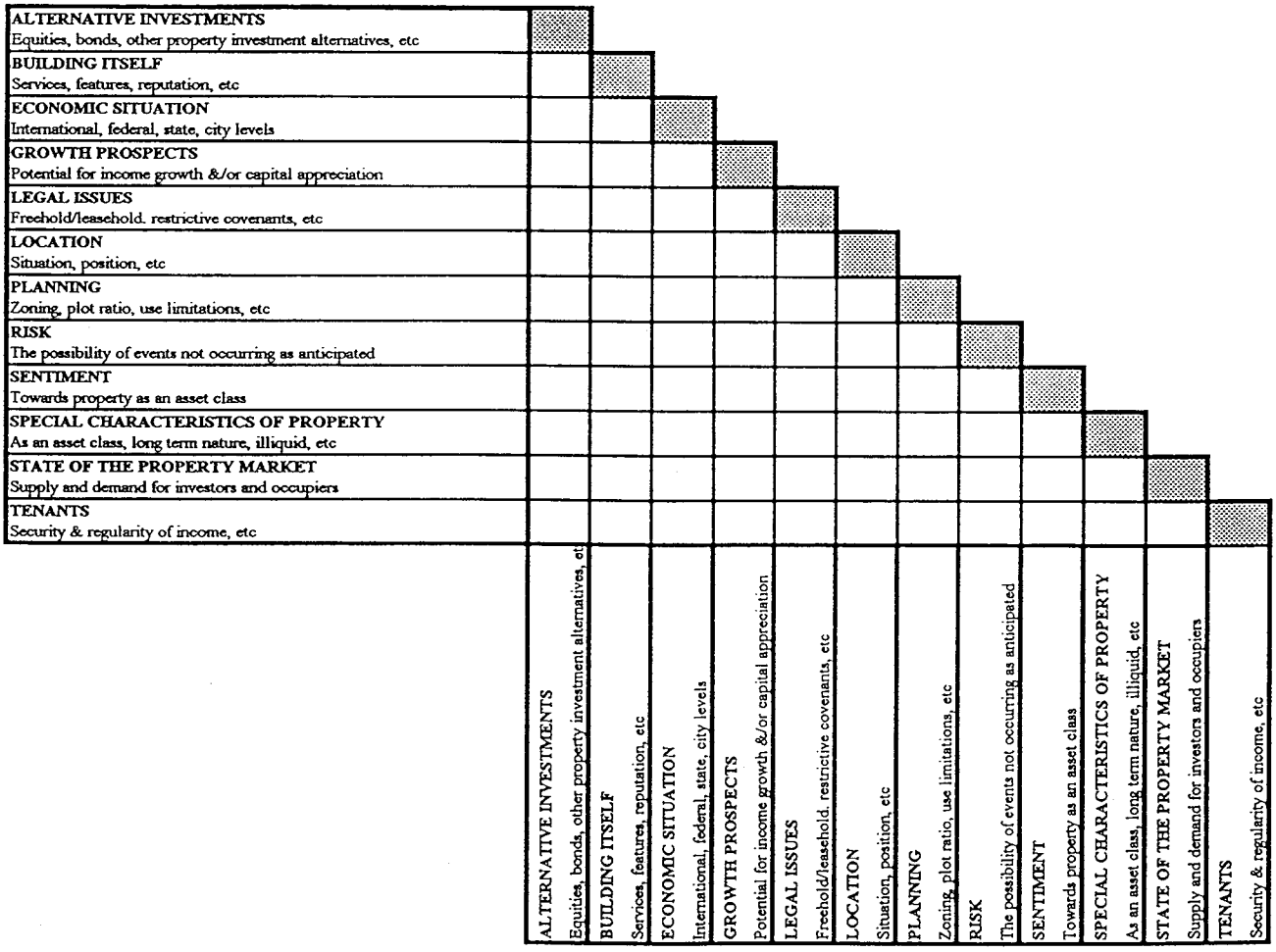
	% Of Decision
Alternative Investments	_____%
Building Itself	_____%
Economic Situation	_____%
Growth Prospects	_____%
Legal Issues	_____%
Location	_____%
Planning	_____%
Risk	_____%
Sentiment	_____%
Special Characteristics Of Property	_____%
State Of The Property Market	_____%
Tenants	_____%
Total	100%

RELATIONSHIP BETWEEN DETERMINANTS OF THE CAPITALISATION RATE

Do you consider any of the above determinants affect/are affected by others on the list? If so, please place a score in the appropriate box below as follows:

4 Very closely related 3 Closely related 2 Related 1 Limited relationship

No score in the box will be assumed to mean that you consider there to be no relationship between the respective determinants.



FUTURE DIRECTION OF CAPITALISATION RATES

For a prime, CBD office tower in Sydney (on the assumptions given above), what are your current views on the following:

Capitalisation Rates:		Rental Growth Prospects:	
Now:	___%	Over 1994:	___%
In 6 months:	___%	Over 1995:	___%
In 1 year:	___%	Over 1996:	___%
In 2 years:	___%	Over 1997:	___%

What would you consider to be an acceptable 10 year IRR today for a prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

What would you expect to be the likely order of movement in value over the next year for prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

When do you expect the property market for prime, CBD office investment property in Sydney (on the assumptions given above) to bottom ?: _____, 199__

What would you currently consider to be an appropriate vacancy rate deduction for prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

FUTURE TRENDS IN INDICATORS

Please tick the relevant box below for your view of the prospects of each indicator listed over the next 6 to 12 months:

		Peaking	Rising	Falling	Bottoming	Your Forecast For 12/94
For Prime CBD Offices	Vacancy Rate					
	Occupier Demand					
	Investor Demand					
	Prop Mkt Sentiment					
All Ords Index						
10 Year Bond Rate						
90 Day Bill Rate						
Building Approvals						
Unemployment						
CPI						
Business Investment						
Bank lending for property	Development					
	Investment					

Thank you very much indeed for your assistance.
Please mail completed questionnaires as soon as possible to:

David Parker
GPO Box 3002
Sydney, NSW 2001

APPENDIX 3.3

1994 PRACTITIONER SURVEY FORM

CONFIDENTIAL

Faculty Of Design, Architecture & Building, UTS, Sydney

1994 Ph D PRACTITIONER QUESTIONNAIRE

INTRODUCTION

The following questions form part of the collection of background information for a study of the determinants of the capitalisation rate for CBD office investment property. Each question should be assumed to refer to a CBD office investment property in a prime location in Sydney, leased at market rents to several tenants with no shortfall in recoverable outgoings, on long, institutional leases in the current property market and subject to no unusual features or problems.

For each question, the capitalisation rate should be considered as an equivalent yield and not as an initial, reversionary, equated or other expression of yield.

Q 1 INFORMATION ABOUT THE RESPONDENT

To ascertain the statistical depth of the sample, please complete the following basic details:

A Approximate average total number of valuations undertaken each year:_____

B Approximate number of CBD office valuations undertaken each year: _____

C Range of capital values of buildings valued: $_____-$_____

D Number of years spent practising as a valuer: _____

E Professional societies/associations designations: _____

F Posts held within professional societies/associations: _____

Q 2 SOURCES OF THE CAPITALISATION RATE

Please rank the following as 1 through to 9 in descending order of importance to you as a source of capitalisation rates for prime office investments in the Sydney CBD in the current market - please place one number alongside each potential source:

A ___ Changes in the market since the last directly comparable sale

B ___ Discussions with agents

C ___ Discussions with investors

D ___ Discussions with other valuers

E ___ Directly comparable sales

F ___ Recent sales of all types of office property

G ___ Recent sales of other types of office property

H ___ Relative position of and movements in other asset classes (eg: equities, bonds, etc)

I ___ Your own feelings of market levels

J ___ Other - please specify:_____

Q 3 BASIS OF THE CAPITALISATION RATE DECISION

In the selection of a capitalisation rate, what percentage of the decision is based on the following? - please use the nearest 1%:

A	Looking at past events	_____%
B	Concentrating on the present	_____%
C	Looking to the future	_____%
	Total	100%

Q 4 SELECTION OF THE CAPITALISATION RATE

When selecting the capitalisation rate, which of the following would be your most likely level of rounding ? - please tick one box:

A To the nearest 0.05% ☐
B To the nearest 0.10% ☐
C To the nearest 0.25% ☐
D To the nearest 0.50% ☐

Q 5 ADJUSTMENT OF THE CAPITALISATION RATE

When selecting the capitalisation rate for a property being valued, which of the following evidence adjustment approaches would you use primarily? - please tick one box:

A Subjective, mental adjustment ☐
B Additive approach ☐
C Adjustment based on the bond rate ☐
D Other ☐
(please specify: _____)

Q 6 Do you apply the following when selecting the capitalisation rate? - please tick if applied:

A Sensitivity analysis ☐
B Probability analysis ☐
C Other ☐
(please specify: _____)

Q 7 BENCHMARK CAPITALISATION RATE

Basing your response on the following assumptions:

- a hypothetical prime, CBD office property, fully leased to several tenants (such that no discount for bulk or single tenant risk is required);
- let at rentals which do not require an adjustment to reflect market levels through the capitalisation rate and with no shortfall in the recovery of outgoings;
- let on long, standard institutional leases with conventional review patterns;
- no extraneous problems such as limited car parking, onerous outgoings, etc, and
- no disadvantageous aspects or other problems requiring reflection through the capitalisation rate,

what do you consider to be the appropriate capitalisation rate for such a hypothetically perfect prime, CBD office investment property in Sydney today? _____%

Q 8 OPTIMAL LOCATION

For such a hypothetically perfect prime CBD office investment property, please describe the prime location within the Sydney CBD as one of the following:

A a specific site/building _____ or

B the corner of two streets _____Street and _____Street or

C bounded within the block comprising _____, _____, _____, & _____Streets

Q 9 OPTIMAL BUILDING

For such a hypothetically perfect prime CBD office investment property, ascribe a percentage weighting to the relative importance of each of the following building attributes for determining the optimal building - please use the nearest 1%:

A	condition/need for refurbishment	____%
B	core/wall dimensions and floor plate configuration	____%
C	extent of windows	____%
D	external cladding/elevation	____%
E	flexibility	____%
F	floor/ceiling height	____%
G	foyer	____%
H	quality of finishes	____%
I	quality of services	____%
J	structural factors/deterioration in structure	____%
	Total	100%

Q 10 OPTIMAL TENANT

For such a hypothetically perfect prime CBD office investment property, attribute a percentage weighting to the relative importance of each of the following tenant types - please use the nearest 1%:

A	Government/Public Company/National Partnership	____%
B	Pty Ltd Company/NSW Partnership	____%
C	Private Individuals/Other	____%
	Total	100%

(Assume that partnerships carry partners personal guarantees)

Q 11 Within Group A in Question 10, please attribute a percentage weighting to the relative importance of each of the specified tenant types - please use the nearest 1%:

A	Government	____%
B	Public Company	____%
C	National Partnership	____%
	Total	100%

(Assume that partnerships carry partners personal guarantees)

Q 12 **DETERMINANTS OF THE CAPITALISATION RATE**

For such a hypothetically perfect prime CBD office investment property, please tick the relevant box below for the level of importance which you would attach to each of the following determinants of the capitalisation rate using the following scale

1 Vitally important
2 Extremely important
3 Very Important
4 Important
5 Least important; and

Q 13 for such a hypothetically perfect prime CBD office investment property, please specify, in the far right hand column, what percentage of the decision on the selection of the capitalisation rate is attributable to each determinant - please use the nearest 1%.

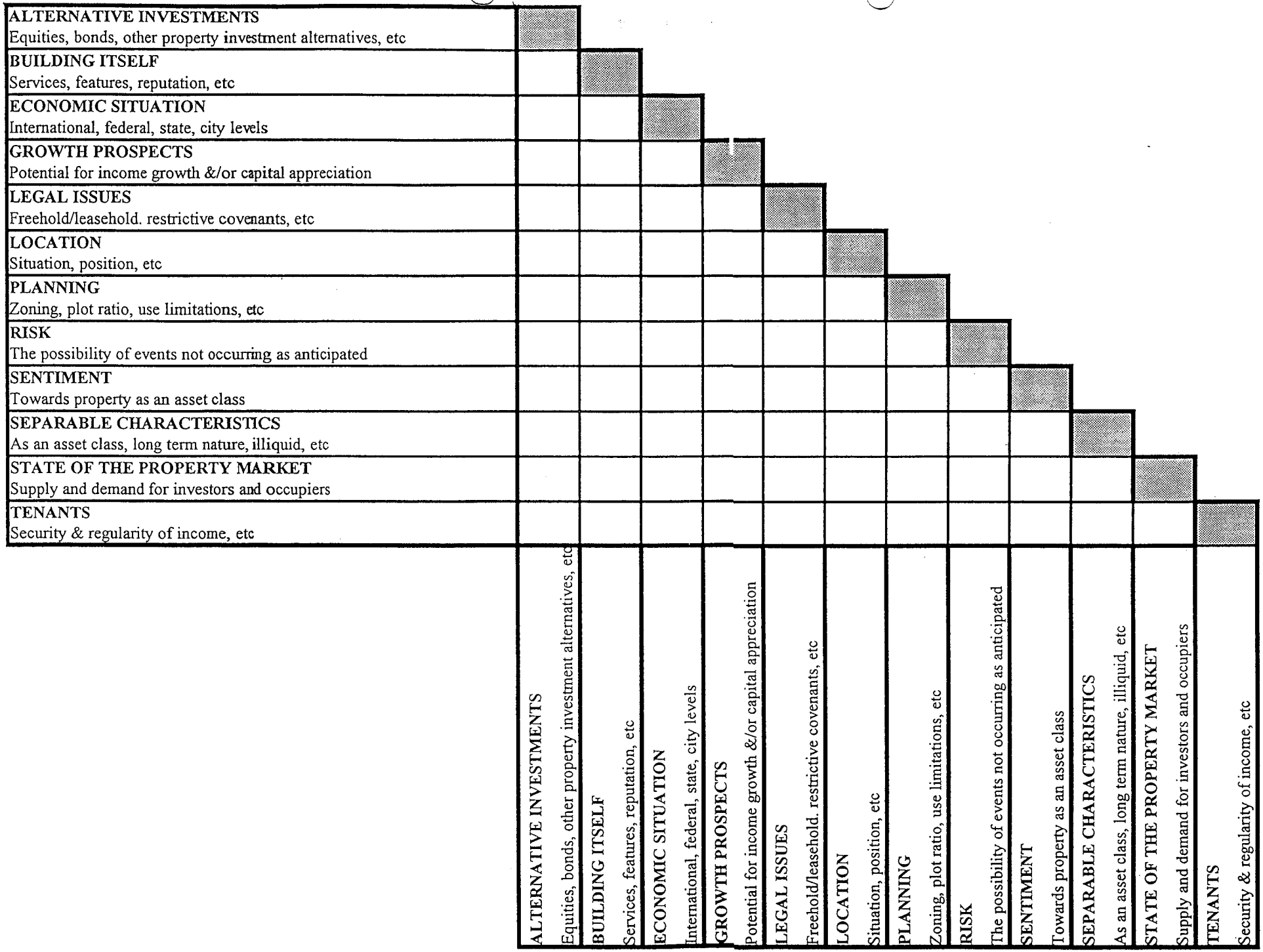
	1	2	3	4	5	% OF SEL'N DEC'N
ALTERNATIVE INVESTMENTS Equities, bonds, other property investment alternatives, etc						
BUILDING ITSELF Services, features, reputation, etc						
ECONOMIC SITUATION International, federal, state, city levels						
GROWTH PROSPECTS Potential for income growth &/or capital appreciation						
LEGAL ISSUES Freehold/leasehold. restrictive covenants, etc						
LOCATION Situation, position, etc						
PLANNING Zoning, plot ratio, use limitations, etc						
RISK The possibility of events not occurring as anticipated						
SENTIMENT Towards property as an asset class						
SEPARABLE CHARACTERISTICS As an asset class, long term nature, illiquid, etc						
STATE OF THE PROPERTY MARKET Supply and demand for investors and occupiers						
TENANTS Security & regularity of income, etc						

Q 14 **RELATIONSHIP BETWEEN DETERMINANTS OF THE CAPITALISATION RATE**

Do you consider any of the above determinants affect/are affected by others on the list? If so, please assess the significance of the relationship between each pair of determinants by assigning a significance rating between 0 and 10, where:

0 = Not Significant 5 = Moderately Significant 10 = Most Significant

Please place a score in each white box upon the matrix.


ALTERNATIVE INVESTMENTS
Equities, bonds, other property investment alternatives, etc
BUILDING ITSELF
Services, features, reputation, etc
ECONOMIC SITUATION
International, federal, state, city levels
GROWTH PROSPECTS
Potential for income growth &/or capital appreciation
LEGAL ISSUES
Freehold/leasehold. restrictive covenants, etc
LOCATION
Situation, position, etc
PLANNING
Zoning, plot ratio, use limitations, etc
RISK
The possibility of events not occurring as anticipated
SENTIMENT
Towards property as an asset class
SEPARABLE CHARACTERISTICS
As an asset class, long term nature, illiquid, etc
STATE OF THE PROPERTY MARKET
Supply and demand for investors and occupiers
TENANTS
Security & regularity of income, etc

Q 15 DETERMINANTS OF THE CAPITALISATION RATE - OTHER ISSUES

From Question 12, which of the determinants are the first, second and third most important? - please describe in descending order of importance:

1._____ 2._____ 3._____

Q 16 Do you consider that any of the determinants described in Question 12 are not determinants of the capitalisation rate?

A Yes ☐
B No ☐

If yes, please specify: _____

Q 17 Are there any other determinants of the capitalisation rate, additional to those described in Question 12, which you consider should be added to the list?

A Yes ☐
B No ☐

If yes, please specify: _____

_____

_____

Q 18 ECONOMIC SITUATION

When having regard to the economic situation as a determinant of the capitalisation rate, which factors or indicators do you consider? - please specify briefly:

_____

_____

Q 19 STATE OF THE PROPERTY MARKET

When having regard to the state of the property market as a determinant of the capitalisation rate, which factors or indicators do you consider? - please specify briefly:

_____

_____

Q 20 TREND INDICATORS

By writing the respective letters for the relevant dates at the appropriate points on the spectrum line below, please give your view of the economic situation and the state of the property market at each of the following dates:

A 31st December, 1993	D 31st December, 1994
B 30th June, 1994	E 30th June, 1995
C 30th September, 1994	F 31st December, 1995

Economic Situation:

Depressed	Falling	Balanced	Rising	Overheated

Q 21 State Of The Property Market:

Bottoming	Falling	Balanced	Rising	Peaking

Q 22 CAPITALISATION RATE ASSESSMENT

The following table lists all of those buildings in the Sydney CBD which are classified by BOMA as "prime". Vacancy data is based on direct vacancy only at July 1994, as supplied by BOMA. Tenant grade is assessed on the basis of floor area occupied as follows:

Vacancy Level						Majority Occupier
Under 10%	11% - 25%	26% - 50%	51% - 75%	76% - 90%	91%+	
A	D	G	J	M		Government/Public Company/National Partnership
B	E	H	K	N		Pty Ltd Company/NSW Partnership
C	F	I	L	O		Private Individuals/Other
					P	N/A

Assuming the following for each building:

- leased to several tenants (such that no discount for bulk or single tenant risk is required);
- let at rentals which do not require an adjustment to reflect market levels through the capitalisation rate and with no shortfall in the recovery of outgoings;
- let on long, standard institutional leases with conventional review patterns;
- no extraneous problems such as limited car parking, onerous outgoings, etc, and
- no disadvantageous aspects or other problems requiring reflection through the capitalisation rate,

please write your assessment of

A the risk characteristic in the relevant column, using the relevant whole number from the scale below;

B the growth characteristic in the relevant column, using the relevant whole number from the scale below:

1	2	3	4	5
None	Low	Moderate	Significant	High

C the appropriate capitalisation rate today, to the nearest two decimal places, in the relevant column,

for each of the buildings listed.

BLDG NO	BUILDING ADDRESS	BUILDING NAME	TOTAL NLA SQM	VAC - DIR ONLY SQM	% NLA	BUILT/ REFB'D	TEN'T GRADE	RISK SCORE	GROWTH SCORE	CAP RATE
1	ALFRED STREET	OLD AMP BUILDING	30,600	1,400	5%	1992	A			
2	50 BRIDGE STREET	AMP CENTRE	52,583	11,400	22%	1993	D			
3	15-19 BENT STREET	O'CONNELL HOUSE	10,260	0	0%	1990	A			
4	6-10 O'CONNELL STREET	NORWICH HOUSE	15,133	1,320	9%	1989	A			
5	68 PITT STREET	ANZ BANK BUILDING	11,000	390	4%	1993	A			
6	1 CASTLEREAGH STREET	BHP	11,760	1,470	13%	1991	D			
7	9-11 CASTLEREAGH STREET	EX-CAPITA	21,253	4,977	23%	1989	D			
8	55 HUNTER STREET	55 HUNTER STREET	13,912	5,623	40%	1992	H			
9	48-50 MARTIN PLACE	COMMONWEALTH BANK	20,000	0	0%	1990	A			
10	38-46 MARTIN PLACE	MINTER ELLISON	10,277	0	0%	1990	A			
11	19-35 MARTIN PLACE	MLC CENTRE	68,111	16,368	24%	1993	D			
12	4-10 MARTIN PLACE	CHALLIS HOUSE	6,090	4,306	71%	1993	K			
13	345 GEORGE STREET	THE LANDMARK	20,494	4,230	21%	1988	D			
14	50 CARRINGTON STREET	CARRINGTON HOUSE	10,372	2,012	19%	1992	E			
15	60 MARGARET STREET	WESTPAC PLAZA	36,390	4,533	12%	1994	D			
16	87 PITT STREET	AUSTRALIA SQUARE	41,999	7,154	17%	1993	D			
17	20 BOND STREET	EXCHANGE CENTRE	40,352	0	0%	1992	A			
18	259 GEORGE STREET	WORLD TRADE CENTRE	42,200	15,708	37%	1982	G			
19	109-115 HARRINGTON STREET	QUAY WEST	6,665	2,827	42%	1991	G			
20	1 ALFRED STREET	GOLDFIELDS HOUSE	23,045	4,085	18%	1992	D			
21	7-15 MACQUARIE PLACE	7 MACQUARIE PLACE	13,437	0	0%	1991	A			
22	74 CASTLEREAGH STREET	COUNTRY CENTRE	5,132	4,270	83%	1991	O			
23	179 ELIZABETH STREET	TATTERSALLS	14,620	10,298	70%	1992	K			
24	231-249 ELIZABETH STREET	TELSTRA HOUSE	23,000	0	0%	1987	A			
25	255-269 ELIZABETH STREET	255 ELIZABETH STREET	27,245	0	0%	1990	A			
26	130 ELIZABETH STREET	130 ELIZABETH STREET	9,172	3,341	36%	1992	G			
27	310-322 PITT STREET	TELECOM PLAZA	28,000	0	0%	1990	A			
28	580 GEORGE STREET	COOPERS & LYBRAND	37,644	0	0%	1988	A			
29	133-145 CASTLEREAGH ST	PICADILLY TOWER	29,978	200	1%	1992	A			
30	55 MARKET STREET	CITY CENTRE	18,961	720	4%	1989	A			
31	135 KING STREET	BANK OF AMERICA	26,877	2,477	9%	1990	A			
32	77 CASTLEREAGH STREET	SKYGARDEN	14,300	4,887	34%	1990	H			
33	45-53 CLARENCE STREET	KPMG HOUSE	31,507	5,174	16%	1992	D			
34	69-81 CLARENCE STREET	CITIBANK CENTRE	21,000	0	0%	1984	A			
35	83 CLARENCE STREET	SASB	19,700	2,519	13%	1985	D			
36	76-78 CLARENCE STREET	80 CLARENCE STREET	5,303	0	0%	1991	B			
37	44 MARKET STREET	NATIONAL MUTUAL	30,200	7,398	24%	1994	D			
38	51 DRUITT STREET	QUADRANT BUILDING	10,216	0	0%	1991	B			
39	CNR MARKET & SUSSEX STS	IBM/DARLING PARK	50,913	3,050	6%	1993	A			
40	1-15 MARKET STREET	WESTSIDE TOWER	29,865	8,223	28%	1991	G			
41	2 MARKET STREET	MMI CENTRE	33,000	2,944	9%	1990	A			
42	160 SUSSEX STREET	P&O	8,622	0	0%	1992	A			
43	339-349 KENT STREET	MERCANTILE MUTUAL	17,000	0	0%	1991	A			
44	321-329 KENT STREET	ERNST & YOUNG	28,000	0	0%	1990	A			
45	207-211 KENT STREET	MARITIME CENTRE	19,366	0	0%	1988	A			
46	207-211 KENT STREET	AIDC	36,039	0	0%	1988	A			

Q 23 FUTURE DIRECTION OF CAPITALISATION RATES

For such a hypothetically perfect prime CBD office investment property, assuming a face rent/incentive scenario (as opposed to an effective rent scenario), what are your current views on the following to two decimal places:

Capitalisation Rates:			Rental Growth Prospects:		
A	In 3 months:	___%	**E**	Over 1995:	___%
B	In 6 months:	___%	**F**	Over 1996:	___%
C	In 1 year:	___%	**G**	Over 1997:	___%
D	In 2 years:	___%	**H**	Over 1998:	___%

Q 24 What would you consider to be an acceptable 10 year IRR today for a prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

Q 25 What would you expect to be the likely order of movement in value over the next year for prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

Q 26 When do you expect/when did you consider the property market for prime, CBD office investment property in Sydney (on the assumptions given above) to bottom/have bottomed ?: _____, 199__

Q 27 What would you currently consider to be an appropriate vacancy rate deduction for prime, CBD office investment property in Sydney (on the assumptions given above) ?: ___%

Q 28 FUTURE TRENDS IN INDICATORS

Please tick the relevant box below for your view of the prospects of each indicator listed over the next 6 to 12 months and state your forecast for December, 1995 as follows:

Vacancy, 10 Year Bond, 90 Day Bill, Unemployment Rates and All Ordinaries Index - Rate as at end of December, 1995;
Building Approvals - Value for 1995 ($m);
CPI - % change from December quarter 1994 to December quarter 1995;
Business Investment and Bank Lending For Property Development/Investment - % change for calendar 1994 compared to calendar 1995;
Occupier Demand, Investor Demand, Property Market Sentiment - annotate as G (greater), S (same) or L (lower).

Please use whole numbers in each case.

		Peaking	Rising	Falling	Bottoming	Your Forecast For 12/95
For Prime CBD Offices	Vacancy Rate					
	Occupier Demand					
	Investor Demand					
	Prop Mkt Sentiment					
All Ords Index						
10 Year Bond Rate						
90 Day Bill Rate						
Building Approvals						
Unemployment						
CPI						
Business Investment						
Bank lending for property	Development					
	Investment					

APPENDIX 4.1

DATA SET

43 PROPERTIES

PROP NO	CAP ADJ MODE	BUILDING SCORE	TENANT SCORE	LOCATION SCORE	VAC RATE	NLA	OV/OCC %	AGE YEARS	AGE	GROWTH MODE	RISK MODE	GROWTH AVG	GROWTH ADJ MODE	RISK AVG	RISK ADJ MODE	CAP AVG	CAP MODE
1	8.00	57	64	400	4.58%	30,600	61	2	1992	3	3	2.92	3	2.50	2	7.84	8.00
2	7.00	84	62	300	21.68%	52,583	49	1	1993	4	3	3.50	4	2.62	3	7.18	7.00
3	8.00	58	38	300	0.00%	10,260	38	4	1990	3	2	2.92	3	2.46	2	7.58	8.00
4	8.00	54	50	200	8.72%	15,133	47	5	1989	3	3	2.96	3	2.73	3	7.62	8.00
5	7.00	48	51	100	3.55%	11,000	49	1	1993	3	3	2.65	3	2.88	2	7.89	7.00
6	8.00	77	45	200	12.50%	11,760	39	3	1991	3	3	2.88	3	2.84	3	7.88	8.00
7	7.50	88	37	300	23.42%	21,253	28	5	1989	3	4	2.69	3	3.38	4	7.63	7.50
8	8.00	77	28	300	40.42%	13,912	17	2	1992	3	4	2.81	3	3.81	4	7.97	8.00
9	7.00	78	64	400	0.00%	20,000	64	4	1990	3	2	3.12	3	1.92	2	7.26	7.00
10	7.25	84	46	300	0.00%	10,277	46	4	1990	3	2	3.12	3	2.03	2	7.24	7.25
11	6.50	88	55	500	24.03%	68,111	43	1	1993	4	2	3.58	4	2.42	2	6.89	6.50
12	8.00	74	28	200	70.71%	6,090	8	1	1993	3	4	2.73	3	3.46	4	7.82	7.00
13	7.50	78	46	400	20.64%	20,494	37	6	1988	3	3	2.73	3	3.00	3	7.76	7.50
14	8.50	62	28	300	19.40%	10,372	23	2	1992	2	3	2.69	2	3.38	3	8.01	8.00
15	8.00	76	51	100	12.46%	36,390	45	0	1994	3	3	3.08	3	2.62	3	7.46	8.00
16	6.50	80	56	0	17.03%	41,999	46	1	1993	3	2	3.42	3	2.34	2	7.06	6.50
17	6.50	88	64	0	0.00%	40,352	64	2	1992	3	2	3.42	3	1.88	2	6.95	6.50
18	8.00	69	46	200	37.22%	42,200	29	1	1993	3	4	2.92	3	3.00	2	7.45	7.00
20	7.50	74	52	300	17.73%	23,045	43	2	1992	3	3	3.27	3	2.73	3	7.29	7.50
21	7.00	74	50	300	0.00%	13,437	37	3	1991	3	2	3.27	3	2.00	2	7.04	7.00
22	8.00	50	28	600	83.20%	5,132	5	3	1991	2	4	2.42	2	3.81	4	8.30	8.00
23	8.00	87	28	800	70.43%	14,620	8	2	1992	3	4	2.65	3	3.57	4	8.26	8.00
24	8.25	55	58	900	0.00%	23,000	58	6	1988	3	2	2.62	3	2.35	2	8.06	8.25
25	7.25	86	56	1100	0.00%	27,245	56	4	1990	3	2	2.88	3	2.36	2	7.75	7.25
26	7.75	71	56	1400	36.42%	9,172	36	2	1992	2	4	2.46	2	3.46	4	8.44	8.00
27	8.25	67	58	1200	0.00%	28,000	58	4	1990	3	2	2.54	3	2.23	2	7.22	8.25
28	7.00	80	55	1100	0.00%	37,644	56	6	1988	3	2	2.81	3	2.50	2	7.68	7.00
30	7.50	88	58	700	3.80%	18,961	56	5	1989	3	3	2.65	3	2.57	3	7.74	7.50
31	7.50	89	39	500	9.22%	26,877	35	4	1990	3	2	2.85	3	2.46	2	7.66	7.50
32	8.00	87	28	600	34.17%	14,300	18	4	1990	3	3	2.69	3	3.30	3	7.95	8.00
33	7.50	89	50	500	16.42%	31,507	43	2	1992	3	3	2.92	3	2.61	3	7.93	7.50
34	7.50	74	64	300	0.00%	21,000	64	10	1984	3	2	2.88	3	2.38	2	7.88	7.75
35	8.00	62	58	500	12.79%	19,700	51	2	1992	3	3	2.81	3	2.57	3	7.94	8.00
36	7.75	57	28	400	0.00%	5,303	28	3	1991	3	3	2.65	3	2.57	3	8.19	7.75
37	7.75	82	60	700	24.50%	30,200	45	0	1994	3	3	2.96	3	2.88	3	8.08	7.75
39	7.50	90	64	900	5.99%	50,913	60	1	1993	3	2	3.15	3	2.23	2	7.50	7.50
40	8.00	86	35	800	27.53%	29,865	25	3	1991	3	3	2.77	3	3.00	3	7.94	8.00
41	7.50	78	48	700	8.92%	33,000	44	4	1990	3	2	3.00	3	2.27	2	7.59	7.50
42	7.50	69	64	700	0.00%	8,622	64	2	1992	3	3	2.50	2	2.69	2	8.33	7.50
43	7.25	77	64	600	0.00%	17,000	64	3	1991	3	2	2.85	3	2.35	2	7.88	7.25
44	7.50	89	50	500	0.00%	28,000	50	4	1990	3	2	2.96	3	2.23	2	7.85	7.25
45	7.50	88	58	500	0.00%	19,366	58	6	1988	3	2	3.00	3	2.27	2	7.84	7.50
46	7.25	88	62	600	0.00%	36,039	62	6	1988	3	2	3.00	3	2.23	2	7.83	7.25

APPENDIX 4.2

DATA SET

42 PROPERTIES

PROP NO	CAP ADJ MODE	BUILDING SCORE	TENANT SCORE	LOCATION SCORE	VAC RATE	NLA	OV/OCC %	AGE YEARS	AGE	GROWTH MODE	RISK MODE	GROWTH AVG	GROWTH ADJ MODE	RISK AVG	RISK ADJ MODE	CAP AVG	CAP MODE
1	8.00	57	64	400	4.58%	30,600	61	2	1992	3	3	2.92	3	2.50	2	7.84	8.00
2	7.00	84	62	300	21.68%	52,583	49	1	1993	4	3	3.50	4	2.62	3	7.18	7.00
3	8.00	58	38	300	0.00%	10,260	38	4	1990	3	2	2.92	3	2.46	2	7.58	8.00
4	8.00	54	50	200	8.72%	15,133	47	5	1989	3	3	2.96	3	2.73	3	7.62	8.00
5	7.00	48	51	100	3.55%	11,000	49	1	1993	3	3	2.65	3	2.88	2	7.89	7.00
6	8.00	77	45	200	12.50%	11,760	39	3	1991	3	3	2.88	3	2.84	3	7.88	8.00
7	7.50	88	37	300	23.42%	21,253	28	5	1989	3	4	2.69	3	3.38	4	7.63	7.50
8	8.00	77	28	300	40.42%	13,912	17	2	1992	3	4	2.81	3	3.81	4	7.97	8.00
9	7.00	78	64	400	0.00%	20,000	64	4	1990	3	2	3.12	3	1.92	2	7.26	7.00
10	7.25	84	46	300	0.00%	10,277	46	4	1990	3	2	3.12	3	2.03	2	7.24	7.25
11	6.50	88	55	500	24.03%	68,111	43	1	1993	4	2	3.58	4	2.42	2	6.89	6.50
12	8.00	74	28	200	70.71%	6,090	8	1	1993	3	4	2.73	3	3.46	4	7.82	7.00
13	7.50	78	46	400	20.64%	20,494	37	6	1988	3	3	2.73	3	3.00	3	7.76	7.50
14	8.50	62	28	300	19.40%	10,372	23	2	1992	2	3	2.69	2	3.38	3	8.01	8.00
15	8.00	76	51	100	12.46%	36,390	45	0	1994	3	3	3.08	3	2.62	3	7.46	8.00
16	6.50	80	56	0	17.03%	41,999	46	1	1993	3	2	3.42	3	2.34	2	7.06	6.50
17	6.50	88	64	0	0.00%	40,352	64	2	1992	3	2	3.42	3	1.88	2	6.95	6.50
18	8.00	69	46	200	37.22%	42,200	29	1	1993	3	4	2.92	3	3.00	2	7.45	7.00
20	7.50	74	52	300	17.73%	23,045	43	2	1992	3	3	3.27	3	2.73	3	7.29	7.50
21	7.00	74	50	300	0.00%	13,437	37	3	1991	3	2	3.27	3	2.00	2	7.04	7.00
22	8.00	50	28	600	83.20%	5,132	5	3	1991	2	4	2.42	2	3.81	4	8.30	8.00
23	8.00	87	28	800	70.43%	14,620	8	2	1992	3	4	2.65	3	3.57	4	8.26	8.00
24	8.25	55	58	900	0.00%	23,000	58	6	1988	3	2	2.62	3	2.35	2	8.06	8.25
25	7.25	86	56	1100	0.00%	27,245	56	4	1990	3	2	2.88	3	2.36	2	7.75	7.25
26	7.75	71	56	1400	36.42%	9,172	36	2	1992	2	4	2.46	2	3.46	4	8.44	8.00
27	8.25	67	58	1200	0.00%	28,000	58	4	1990	3	2	2.54	3	2.23	2	7.22	8.25
28	7.00	80	55	1100	0.00%	37,644	56	6	1988	3	2	2.81	3	2.50	2	7.68	7.00
30	7.50	88	58	700	3.80%	18,961	56	5	1989	3	3	2.65	3	2.57	3	7.74	7.50
31	7.50	89	39	500	9.22%	26,877	35	4	1990	3	2	2.85	3	2.46	2	7.66	7.50
32	8.00	87	28	600	34.17%	14,300	18	4	1990	3	3	2.69	3	3.30	3	7.95	8.00
33	7.50	89	50	500	16.42%	31,507	43	2	1992	3	3	2.92	3	2.61	3	7.93	7.50
35	8.00	62	58	500	12.79%	19,700	51	2	1992	3	3	2.81	3	2.57	3	7.94	8.00
36	7.75	57	28	400	0.00%	5,303	28	3	1991	3	3	2.65	3	2.57	3	8.19	7.75
37	7.75	82	60	700	24.50%	30,200	45	0	1994	3	3	2.96	3	2.88	3	8.08	7.75
39	7.50	90	64	900	5.99%	50,913	60	1	1993	3	2	3.15	3	2.23	2	7.50	7.50
40	8.00	86	35	800	27.53%	29,865	25	3	1991	3	3	2.77	3	3.00	3	7.94	8.00
41	7.50	78	48	700	8.92%	33,000	44	4	1990	3	2	3.00	3	2.27	2	7.59	7.50
42	7.50	69	64	700	0.00%	8,622	64	2	1992	3	3	2.50	2	2.69	2	8.33	7.50
43	7.25	77	64	600	0.00%	17,000	64	3	1991	3	2	2.85	3	2.35	2	7.88	7.25
44	7.50	89	50	500	0.00%	28,000	50	4	1990	3	2	2.96	3	2.23	2	7.85	7.25
45	7.50	88	58	500	0.00%	19,366	58	6	1988	3	2	3.00	3	2.27	2	7.84	7.50
46	7.25	88	62	600	0.00%	36,039	62	6	1988	3	2	3.00	3	2.23	2	7.83	7.25

APPENDIX 4.3

DATA SET

38 PROPERTIES

PROP NO	CAP ADJ MODE	BUILDING SCORE	TENANT SCORE	LOCATION SCORE	VAC RATE	NLA	OV/OCC %	AGE YEARS	AGE	GROWTH MODE	RISK MODE	GROWTH AVG	GROWTH ADJ MODE	RISK AVG	RISK ADJ MODE	CAP AVG	CAP MODE
1	8.00	57	64	400	4.58%	30,600	61	2	1992	3	3	2.92	3	2.50	2	7.84	8.00
2	7.00	84	62	300	21.68%	52,583	49	1	1993	4	3	3.50	4	2.62	3	7.18	7.00
3	8.00	58	38	300	0.00%	10,260	38	4	1990	3	2	2.92	3	2.46	2	7.58	8.00
5	7.00	48	51	100	3.55%	11,000	49	1	1993	3	3	2.65	3	2.88	2	7.89	7.00
6	8.00	77	45	200	12.50%	11,760	39	3	1991	3	3	2.88	3	2.84	3	7.88	8.00
7	7.50	88	37	300	23.42%	21,253	28	5	1989	3	4	2.69	3	3.38	4	7.63	7.50
8	8.00	77	28	300	40.42%	13,912	17	2	1992	3	4	2.81	3	3.81	4	7.97	8.00
9	7.00	78	64	400	0.00%	20,000	64	4	1990	3	2	3.12	3	1.92	2	7.26	7.00
10	7.25	84	46	300	0.00%	10,277	46	4	1990	3	2	3.12	3	2.03	2	7.24	7.25
11	6.50	88	55	500	24.03%	68,111	43	1	1993	4	2	3.58	4	2.42	2	6.89	6.50
12	8.00	74	28	200	70.71%	6,090	8	1	1993	3	4	2.73	3	3.46	4	7.82	7.00
13	7.50	78	46	400	20.64%	20,494	37	6	1988	3	3	2.73	3	3.00	3	7.76	7.50
14	8.50	62	28	300	19.40%	10,372	23	2	1992	2	3	2.69	2	3.38	3	8.01	8.00
15	8.00	76	51	100	12.46%	36,390	45	0	1994	3	3	3.08	3	2.62	3	7.46	8.00
16	6.50	80	56	0	17.03%	41,999	46	1	1993	3	2	3.42	3	2.34	2	7.06	6.50
17	6.50	88	64	0	0.00%	40,352	64	2	1992	3	2	3.42	3	1.88	2	6.95	6.50
18	8.00	69	46	200	37.22%	42,200	29	1	1993	3	4	2.92	3	3.00	2	7.45	7.00
20	7.50	74	52	300	17.73%	23,045	43	2	1992	3	3	3.27	3	2.73	3	7.29	7.50
22	8.00	50	28	600	83.20%	5,132	5	3	1991	2	4	2.42	2	3.81	4	8.30	8.00
23	8.00	87	28	800	70.43%	14,620	8	2	1992	3	4	2.65	3	3.57	4	8.26	8.00
24	8.25	55	58	900	0.00%	23,000	58	6	1988	3	2	2.62	3	2.35	2	8.06	8.25
25	7.25	86	56	1100	0.00%	27,245	56	4	1990	3	2	2.88	3	2.36	2	7.75	7.25
26	7.75	71	56	1400	36.42%	9,172	36	2	1992	2	4	2.46	2	3.46	4	8.44	8.00
27	8.25	67	58	1200	0.00%	28,000	58	4	1990	3	2	2.54	3	2.23	2	7.22	8.25
30	7.50	88	58	700	3.80%	18,961	56	5	1989	3	3	2.65	3	2.57	3	7.74	7.50
31	7.50	89	39	500	9.22%	26,877	35	4	1990	3	2	2.85	3	2.46	2	7.66	7.50
32	8.00	87	28	600	34.17%	14,300	18	4	1990	3	3	2.69	3	3.30	3	7.95	8.00
35	8.00	62	58	500	12.79%	19,700	51	2	1992	3	3	2.81	3	2.57	3	7.94	8.00
36	7.75	57	28	400	0.00%	5,303	28	3	1991	3	3	2.65	3	2.57	3	8.19	7.75
37	7.75	82	60	700	24.50%	30,200	45	0	1994	3	3	2.96	3	2.88	3	8.08	7.75
39	7.50	90	64	900	5.99%	50,913	60	1	1993	3	2	3.15	3	2.23	2	7.50	7.50
40	8.00	86	35	800	27.53%	29,865	25	3	1991	3	3	2.77	3	3.00	3	7.94	8.00
41	7.50	78	48	700	8.92%	33,000	44	4	1990	3	2	3.00	3	2.27	2	7.59	7.50
42	7.50	69	64	700	0.00%	8,622	64	2	1992	3	3	2.50	2	2.69	2	8.33	7.50
43	7.25	77	64	600	0.00%	17,000	64	3	1991	3	2	2.85	3	2.35	2	7.88	7.25
44	7.50	89	50	500	0.00%	28,000	50	4	1990	3	2	2.96	3	2.23	2	7.85	7.25
45	7.50	88	58	500	0.00%	19,366	58	6	1988	3	2	3.00	3	2.27	2	7.84	7.50
46	7.25	88	62	600	0.00%	36,039	62	6	1988	3	2	3.00	3	2.23	2	7.83	7.25

CHAP4.XLS - DG477

APPENDIX 4.4

DATA SET

30 PROPERTIES

PROP NO	CAP ADJ MODE	BUILDING SCORE	TENANT SCORE	LOCATION SCORE	VAC RATE	NLA	OV/OCC %	AGE YEARS	AGE	GROWTH MODE	RISK MODE	GROWTH AVG	GROWTH ADJ MODE	RISK AVG	RISK ADJ MODE	CAP AVG	CAP MODE
1	8.00	57	64	400	4.58%	30,600	61	2	1992	3	3	2.92	3	2.50	2	7.84	8.00
3	8.00	58	38	300	0.00%	10,260	38	4	1990	3	2	2.92	3	2.46	2	7.58	8.00
5	7.00	48	51	100	3.55%	11,000	49	1	1993	3	3	2.65	3	2.88	2	7.89	7.00
6	8.00	77	45	200	12.50%	11,760	39	3	1991	3	3	2.88	3	2.84	3	7.88	8.00
7	7.50	88	37	300	23.42%	21,253	28	5	1989	3	4	2.69	3	3.38	4	7.63	7.50
8	8.00	77	28	300	40.42%	13,912	17	2	1992	3	4	2.81	3	3.81	4	7.97	8.00
9	7.00	78	64	400	0.00%	20,000	64	4	1990	3	2	3.12	3	1.92	2	7.26	7.00
10	7.25	84	46	300	0.00%	10,277	46	4	1990	3	2	3.12	3	2.03	2	7.24	7.25
13	7.50	78	46	400	20.64%	20,494	37	6	1988	3	3	2.73	3	3.00	3	7.76	7.50
14	8.50	62	28	300	19.40%	10,372	23	2	1992	2	3	2.69	2	3.38	3	8.01	8.00
15	8.00	76	51	100	12.46%	36,390	45	0	1994	3	3	3.08	3	2.62	3	7.46	8.00
16	6.50	80	56	0	17.03%	41,999	46	1	1993	3	2	3.42	3	2.34	2	7.06	6.50
17	6.50	88	64	0	0.00%	40,352	64	2	1992	3	2	3.42	3	1.88	2	6.95	6.50
18	8.00	69	46	200	37.22%	42,200	29	1	1993	3	4	2.92	3	3.00	2	7.45	7.00
20	7.50	74	52	300	17.73%	23,045	43	2	1992	3	3	3.27	3	2.73	3	7.29	7.50
24	8.25	55	58	900	0.00%	23,000	58	6	1988	3	2	2.62	3	2.35	2	8.06	8.25
30	7.50	88	58	700	3.80%	18,961	56	5	1989	3	3	2.65	3	2.57	3	7.74	7.50
31	7.50	89	39	500	9.22%	26,877	35	4	1990	3	2	2.85	3	2.46	2	7.66	7.50
32	8.00	87	28	600	34.17%	14,300	18	4	1990	3	3	2.69	3	3.30	3	7.95	8.00
35	8.00	62	58	500	12.79%	19,700	51	2	1992	3	3	2.81	3	2.57	3	7.94	8.00
36	7.75	57	28	400	0.00%	5,303	28	3	1991	3	3	2.65	3	2.57	3	8.19	7.75
37	7.75	82	60	700	24.50%	30,200	45	0	1994	3	3	2.96	3	2.88	3	8.08	7.75
39	7.50	90	64	900	5.99%	50,913	60	1	1993	3	2	3.15	3	2.23	2	7.50	7.50
40	8.00	86	35	800	27.53%	29,865	25	3	1991	3	3	2.77	3	3.00	3	7.94	8.00
41	7.50	78	48	700	8.92%	33,000	44	4	1990	3	2	3.00	3	2.27	2	7.59	7.50
42	7.50	69	64	700	0.00%	8,622	64	2	1992	3	3	2.50	2	2.69	2	8.33	7.50
43	7.25	77	64	600	0.00%	17,000	64	3	1991	3	2	2.85	3	2.35	2	7.88	7.25
44	7.50	89	50	500	0.00%	28,000	50	4	1990	3	2	2.96	3	2.23	2	7.85	7.25
45	7.50	88	58	500	0.00%	19,366	58	6	1988	3	2	3.00	3	2.27	2	7.84	7.50
46	7.25	88	62	600	0.00%	36,039	62	6	1988	3	2	3.00	3	2.23	2	7.83	7.25

CHAP4.XLS - DG377

APPENDIX 4.5

DATA SET

31 PROPERTIES

PROP NO	CAP ADJ MODE	BUILDING SCORE	TENANT SCORE	LOCATION SCORE	VAC RATE	NLA	OV/OCC %	AGE YEARS	AGE	GROWTH MODE	RISK MODE	GROWTH AVG	GROWTH ADJ MODE	RISK AVG	RISK ADJ MODE	CAP AVG	CAP MODE
1	8.00	57	64	400	4.58%	30,600	61	2	1992	3	3	2.92	3	2.50	2	7.84	8.00
3	8.00	58	38	300	0.00%	10,260	38	4	1990	3	2	2.92	3	2.46	2	7.58	8.00
5	7.00	48	51	100	3.55%	11,000	49	1	1993	3	3	2.65	3	2.88	2	7.89	7.00
6	8.00	77	45	200	12.50%	11,760	39	3	1991	3	3	2.88	3	2.84	3	7.88	8.00
7	7.50	88	37	300	23.42%	21,253	28	5	1989	3	4	2.69	3	3.38	4	7.63	7.50
8	8.00	77	28	300	40.42%	13,912	17	2	1992	3	4	2.81	3	3.81	4	7.97	8.00
9	7.00	78	64	400	0.00%	20,000	64	4	1990	3	2	3.12	3	1.92	2	7.26	7.00
10	7.25	84	46	300	0.00%	10,277	46	4	1990	3	2	3.12	3	2.03	2	7.24	7.25
13	7.50	78	46	400	20.64%	20,494	37	6	1988	3	3	2.73	3	3.00	3	7.76	7.50
14	8.50	62	28	300	19.40%	10,372	23	2	1992	2	3	2.69	2	3.38	3	8.01	8.00
15	8.00	76	51	100	12.46%	36,390	45	0	1994	3	3	3.08	3	2.62	3	7.46	8.00
16	6.50	80	56	0	17.03%	41,999	46	1	1993	3	2	3.42	3	2.34	2	7.06	6.50
17	6.50	88	64	0	0.00%	40,352	64	2	1992	3	2	3.42	3	1.88	2	6.95	6.50
18	8.00	69	46	200	37.22%	42,200	29	1	1993	3	4	2.92	3	3.00	2	7.45	7.00
20	7.50	74	52	300	17.73%	23,045	43	2	1992	3	3	3.27	3	2.73	3	7.29	7.50
24	8.25	55	58	900	0.00%	23,000	58	6	1988	3	2	2.62	3	2.35	2	8.06	8.25
30	7.50	88	58	700	3.80%	18,961	56	5	1989	3	3	2.65	3	2.57	3	7.74	7.50
31	7.50	89	39	500	9.22%	26,877	35	4	1990	3	2	2.85	3	2.46	2	7.66	7.50
32	8.00	87	28	600	34.17%	14,300	18	4	1990	3	3	2.69	3	3.30	3	7.95	8.00
35	8.00	62	58	500	12.79%	19,700	51	2	1992	3	3	2.81	3	2.57	3	7.94	8.00
36	7.75	57	28	400	0.00%	5,303	28	3	1991	3	3	2.65	3	2.57	3	8.19	7.75
37	7.75	82	60	700	24.50%	30,200	45	0	1994	3	3	2.96	3	2.88	3	8.08	7.75
39	7.50	90	64	900	5.99%	50,913	60	1	1993	3	2	3.15	3	2.23	2	7.50	7.50
40	8.00	86	35	800	27.53%	29,865	25	3	1991	3	3	2.77	3	3.00	3	7.94	8.00
41	7.50	78	48	700	8.92%	33,000	44	4	1990	3	2	3.00	3	2.27	2	7.59	7.50
42	7.50	69	64	700	0.00%	8,622	64	2	1992	3	3	2.50	2	2.69	2	8.33	7.50
43	7.25	77	64	600	0.00%	17,000	64	3	1991	3	2	2.85	3	2.35	2	7.88	7.25
44	7.50	89	50	500	0.00%	28,000	50	4	1990	3	2	2.96	3	2.23	2	7.85	7.25
45	7.50	88	58	500	0.00%	19,366	58	6	1988	3	2	3.00	3	2.27	2	7.84	7.50
46	7.25	88	62	600	0.00%	36,039	62	6	1988	3	2	3.00	3	2.23	2	7.83	7.25
99	6.50	100	64	0	0.00%	20,000	64	0	1994	5	1	5.00	5	1.00	1	6.50	6.50

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APPENDIX 4.6

PRACTITIONER SURVEY RESPONSES

CAPITALISATION RATE

| RESP NO | Q22C BUILDING NUMBER | | |

APPENDIX 4.7

PRACTITIONER SURVEY RESPONSES

RISK SCORE

| RESP NO | Q22A BUILDING NUMBER: RISK SCORE | | |

APPENDIX 4.8

PRACTITIONER SURVEY RESPONSES

GROWTH SCORE

| RESP NO | Q22B GROWTH SCORE BUILDNG NUMBER | | |

APPENDIX 4.9

CORRELATION MATRIX

	CAM	*BLD*	*COV*	*LOC*	*VAC*	*NLA*	*C/OC*	*YRS*	*G MODE*	*R MODE*
CAM	1									
BLD	-0.42323	1								
COV	-0.47825	0.13201	1							
LOC	0.18624	0.12771	0.16266	1						
VAC	0.33297	-0.04612	-0.6211	-0.00028	1					
NLA	-0.47188	0.46134	0.46492	0.02523	-0.17001	1				
C/OC	-0.43416	0.0987	0.92943	0.12598	-0.83232	0.35874	1			
YRS	0.01765	0.05313	0.10224	0.18752	-0.35535	-0.21238	0.27456	1		
G MODE	-0.45416	0.3668	0.30656	-0.21519	-0.26385	0.59449	0.29914	-0.06319	1	
R MODE	0.47995	-0.22857	-0.53642	-0.08555	0.76778	-0.35128	-0.69683	-0.37155	-0.30884	1

APPENDIX 5.1

COMPLETE DATA SET

PROP NO	CAP ADJ MODE	BUILDING SCORE	TENANT SCORE	LOCATION SCORE	VAC RATE	NLA	COV/OCC %	AGE YEARS	AGE	CAP AVG	CAP MODE
1	8.00	57	64	400	4.58%	30,600	61	2	1992	7.84	8.00
3	8.00	58	38	300	0.00%	10,260	38	4	1990	7.58	8.00
5	7.00	48	51	100	3.55%	11,000	49	1	1993	7.89	7.00
6	8.00	77	45	200	12.50%	11,760	39	3	1991	7.88	8.00
7	7.50	88	37	300	23.42%	21,253	28	5	1989	7.63	7.50
8	8.00	77	28	300	40.42%	13,912	17	2	1992	7.97	8.00
9	7.00	78	64	400	0.00%	20,000	64	4	1990	7.26	7.00
10	7.25	84	46	300	0.00%	10,277	46	4	1990	7.24	7.25
13	7.50	78	46	400	20.64%	20,494	37	6	1988	7.76	7.50
14	8.50	62	28	300	19.40%	10,372	23	2	1992	8.01	8.00
15	8.00	76	51	100	12.46%	36,390	45	0	1994	7.46	8.00
16	6.50	80	56	0	17.03%	41,999	46	1	1993	7.06	6.50
17	6.50	88	64	0	0.00%	40,352	64	2	1992	6.95	6.50
18	8.00	69	46	200	37.22%	42,200	29	1	1993	7.45	7.00
20	7.50	74	52	300	17.73%	23,045	43	2	1992	7.29	7.50
24	8.25	55	58	900	0.00%	23,000	58	6	1988	8.06	8.25
30	7.50	88	58	700	3.80%	18,961	56	5	1989	7.74	7.50
31	7.50	89	39	500	9.22%	26,877	35	4	1990	7.66	7.50
32	8.00	87	28	600	34.17%	14,300	18	4	1990	7.95	8.00
35	8.00	62	58	500	12.79%	19,700	51	2	1992	7.94	8.00
36	7.75	57	28	400	0.00%	5,303	28	3	1991	8.19	7.75
37	7.75	82	60	700	24.50%	30,200	45	0	1994	8.08	7.75
39	7.50	90	64	900	5.99%	50,913	60	1	1993	7.50	7.50
40	8.00	86	35	800	27.53%	29,865	25	3	1991	7.94	8.00
41	7.50	78	48	700	8.92%	33,000	44	4	1990	7.59	7.50
42	7.50	69	64	700	0.00%	8,622	64	2	1992	8.33	7.50
43	7.25	77	64	600	0.00%	17,000	64	3	1991	7.88	7.25
44	7.50	89	50	500	0.00%	28,000	50	4	1990	7.85	7.25
45	7.50	88	58	500	0.00%	19,366	58	6	1988	7.84	7.50
46	7.25	88	62	600	0.00%	36,039	62	6	1988	7.83	7.25
99	6.50	100	64	0	0.00%	20,000	64	0	1994	6.50	6.50

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APPENDIX 5.2

DATA SET FOR THE INITIAL CROSS SECTIONAL MULTIPLE REGRESSION ANALYSIS

ALLDATA2 - A1

MODEL DATA SET - ABSOLUTES

PROP NO	CAP ADJ MODE	BUILDING SCORE	NLA	LOCATION	AGE - YEARS	COVENANT SCORE	VACANCY RATE	COV/OCC %
1	(2.17)	57	30,600	400	2	64	4.58%	61
3	(2.17)	58	10,260	300	4	38	0.00%	38
5	(3.17)	48	11,000	100	1	51	3.55%	49
6	(2.17)	77	11,760	200	3	45	12.50%	39
7	(2.67)	88	21,253	300	5	37	23.42%	28
9	(3.17)	78	20,000	400	4	64	0.00%	64
10	(2.92)	84	10,277	300	4	46	0.00%	46
13	(2.67)	78	20,494	400	6	46	20.64%	37
14	(1.67)	62	10,372	300	2	28	19.40%	23
15	(2.17)	76	36,390	100	0	51	12.46%	45
20	(2.67)	74	23,045	300	2	52	17.73%	43
24	(1.92)	55	23,000	900	6	58	0.00%	58
30	(2.67)	88	18,961	700	5	58	3.80%	56
31	(2.67)	89	26,877	500	4	39	9.22%	35
32	(2.17)	87	14,300	600	4	28	34.17%	18
35	(2.17)	62	19,700	500	2	58	12.79%	51
37	(2.42)	82	30,200	700	0	60	24.50%	45
39	(2.67)	90	50,913	900	1	64	5.99%	60
40	(2.17)	86	29,865	800	3	35	27.53%	25
41	(2.67)	78	33,000	700	4	48	8.92%	44
42	(2.67)	69	8,622	700	2	64	0.00%	64
43	(2.92)	77	17,000	600	3	64	0.00%	64
44	(2.67)	89	28,000	500	4	50	0.00%	50
45	(2.67)	88	19,366	500	6	58	0.00%	58
46	(2.92)	88	36,039	600	6	62	0.00%	62
99	(3.67)	100	20,000	0	0	64	0.00%	64
36	(2.42)	57	5,303	400	3	28	0.00%	28
18	(2.17)	69	42,200	200	1	46	37.22%	29
17	(3.67)	88	40,352	0	2	64	0.00%	64
16	(3.67)	80	41,999	0	1	56	17.03%	46
8	(2.17)	77	13,912	300	2	28	40.42%	17

APPENDIX 5.3

RESULTS OF THE INITIAL CROSS SECTIONAL MULTIPLE REGRESSION ANALYSIS

```
MTB > Regress 'MODE' 7 'SCORE'-'COV/OCC';
SUBC>  Constant;
SUBC>  VIF.
```

Regression Analysis

* NOTE * COV/OCC is highly correlated with other predictor variables

The regression equation is
MODE = - 1.11 - 0.0172 SCORE +0.000001 NLA +0.000915 LOCATION - 0.0035 YEARS
- 0.0200 SCORE_0 + 1.36 RATE + 0.0064 COV/OCC

Predictor	Coef	Stdev	t-ratio	p	VIF
Constant	-1.1148	0.5163	-2.16	0.042	
SCORE	-0.017155	0.005442	-3.15	0.004	1.3
NLA	0.00000053	0.00000720	0.07	0.942	1.9
LOCATION	0.0009146	0.0002698	3.39	0.003	1.3
YEARS	-0.00348	0.04229	-0.08	0.935	1.6
SCORE_0	-0.02001	0.04185	-0.48	0.637	72.0
RATE	1.356	1.911	0.71	0.485	15.0
COV/OCC	0.00638	0.04417	0.14	0.886	115.3

s = 0.3339 R-sq = 65.8% R-sq(adj) = 55.4%

Analysis of Variance

SOURCE	DF	SS	MS	F	p
Regression	7	4.9320	0.7046	6.32	0.000
Error	23	2.5640	0.1115		
Total	30	7.4960			

SOURCE	DF	SEQ SS
SCORE	1	1.4392
NLA	1	0.0428
LOCATION	1	1.2919
YEARS	1	0.0094
SCORE_0	1	1.8838
RATE	1	0.2625
COV/OCC	1	0.0023

Unusual Observations

Obs.	SCORE	MODE	Fit	Stdev.Fit	Residual	St.Resid
3	48	-3.1700	-2.5041	0.1736	-0.6659	-2.33R
10	76	-2.1700	-2.8722	0.1457	0.7022	2.34R
30	80	-3.6700	-3.0645	0.1709	-0.6055	-2.11R

R denotes an obs. with a large st. resid.

APPENDIX 5.4

RESULTS OF THE FINAL CROSS SECTIONAL MULTIPLE REGRESSION ANALYSIS

```
MTB > Regress 'MODE' 3  'SCORE' 'LOCATION' 'COV/OCC';
SUBC>  Constant;
SUBC>  VIF.
```

Regression Analysis

The regression equation is
MODE = - 0.938 - 0.0160 SCORE +0.000918 LOCATION - 0.0183 COV/OCC

Predictor	Coef	Stdev	t-ratio	p	VIF
Constant	-0.9376	0.3784	-2.48	0.020	
SCORE	-0.015992	0.004480	-3.57	0.001	1.0
LOCATION	0.0009175	0.0002249	4.08	0.000	1.0
COV/OCC	-0.018265	0.003892	-4.69	0.000	1.0

s = 0.3125 R-sq = 64.8% R-sq(adj) = 60.9%

Analysis of Variance

SOURCE	DF	SS	MS	F	p
Regression	3	4.8593	1.6198	16.59	0.000
Error	27	2.6366	0.0977		
Total	30	7.4960			

SOURCE	DF	SEQ SS
SCORE	1	1.4392
LOCATION	1	1.2695
COV/OCC	1	2.1506

Unusual Observations

Obs.	SCORE	MODE	Fit	Stdev.Fit	Residual	St.Resid
3	48	-3.1700	-2.5084	0.1578	-0.6616	-2.45R
10	76	-2.1700	-2.8831	0.0921	0.7131	2.39R
30	80	-3.6700	-3.0571	0.1127	-0.6129	-2.10R

R denotes an obs. with a large st. resid.

APPENDIX 5.5

DATA SET FOR THE SAMPLES N AND n AND PROPERTY x

THE N SAMPLE

PROP NO	BUILDING SCORE	LOCATION SCORE	COV/OCC %	MODEL RESULT	PLUS RFR	MODEL CAP RATE	CAP ADJ MODE	CAM - MODEL	CAP AVG	CAP AVG - MODEL	CAP MODE	CAP M - MODEL
1	57	400	61	-2.596309	10.17	7.573691	8.00	0.43	7.84	0.27	8.00	0.43
3	58	300	38	-2.283956	10.17	7.886044	8.00	0.11	7.58	-0.31	8.00	0.11
5	48	100	49	-2.508451	10.17	7.661549	7.00	-0.66	7.89	0.23	7.00	-0.66
6	77	200	39	-2.697819	10.17	7.472181	8.00	0.53	7.88	0.41	8.00	0.53
7	88	300	28	-2.581066	10.17	7.588934	7.50	-0.09	7.63	0.04	7.50	-0.09
8	77	300	17	-2.204239	10.17	7.965761	8.00	0.03	7.97	0.00	8.00	0.03
9	78	400	64	-2.986936	10.17	7.183064	7.00	-0.18	7.26	0.08	7.00	-0.18
10	84	300	46	-2.845868	10.17	7.324132	7.25	-0.07	7.24	-0.08	7.25	-0.07
13	78	400	37	-2.493781	10.17	7.676219	7.50	-0.18	7.76	0.08	7.50	-0.18
14	62	300	23	-2.073949	10.17	8.096051	8.50	0.40	8.01	-0.09	8.00	-0.10
15	76	100	45	-2.883167	10.17	7.286833	8.00	0.71	7.46	0.17	8.00	0.71
16	80	0	46	-3.05715	10.17	7.11285	6.50	-0.61	7.06	-0.05	6.50	-0.61
17	88	0	64	-3.513856	10.17	6.656144	6.50	-0.16	6.95	0.29	6.50	-0.16
18	69	200	29	-2.387233	10.17	7.782767	8.00	0.22	7.45	-0.33	7.00	-0.78
20	74	300	43	-2.631153	10.17	7.538847	7.50	-0.04	7.29	-0.25	7.50	-0.04
24	55	900	58	-2.05078	10.17	8.11922	8.25	0.13	8.06	-0.06	8.25	0.13
30	88	700	56	-2.725486	10.17	7.444514	7.50	0.06	7.74	0.30	7.50	0.06
31	89	500	35	-2.541413	10.17	7.628587	7.50	-0.13	7.66	0.03	7.50	-0.13
32	87	600	18	-2.107174	10.17	8.062826	8.00	-0.06	7.95	-0.11	8.00	-0.06
35	62	500	51	-2.401869	10.17	7.768131	8.00	0.23	7.94	0.17	8.00	0.23
36	57	400	28	-1.993564	10.17	8.176436	7.75	-0.43	8.19	0.01	7.75	-0.43
37	82	700	45	-2.428619	10.17	7.741381	7.75	0.01	8.08	0.34	7.75	0.01
39	90	900	60	-2.64703	10.17	7.52297	7.50	-0.02	7.50	-0.02	7.50	-0.02
40	86	800	25	-2.035537	10.17	8.134463	8.00	-0.13	7.94	-0.19	8.00	-0.13
41	78	700	44	-2.346386	10.17	7.823614	7.50	-0.32	7.59	-0.23	7.50	-0.32
42	69	700	64	-2.567758	10.17	7.602242	7.50	-0.10	8.33	0.73	7.50	-0.10
43	77	600	64	-2.787444	10.17	7.382556	7.25	-0.13	7.88	0.50	7.25	-0.13
44	89	500	50	-2.815388	10.17	7.354612	7.50	0.15	7.85	0.50	7.25	-0.10
45	88	500	58	-2.945516	10.17	7.224484	7.50	0.28	7.84	0.62	7.50	0.28
46	88	600	62	-2.926826	10.17	7.243174	7.25	0.01	7.83	0.59	7.25	0.01
99	100	0	64	-3.70576	10.17	6.46424	6.50	0.04	6.50	0.04	6.50	0.04
TOTAL	2379	13,200	1411	-80.7715	315.27	234.4985	234.50	0.00	238.15	3.65	232.75	-1.75
AVG	76.74	425.81	45.52	-2.6055	10.17	7.5645	7.56	0.00	7.68	0.12	7.51	-0.06
MODE	88	300	64	#N/A	10.17	#N/A	7.5	#N/A	7.84	#N/A	8	#N/A

THE n PROPERTY SAMPLE

PROP NO	BUILDING SCORE	LOCATION SCORE	COV/OCC %	MODEL RESULT	PLUS RFR	MODEL CAP RATE	CAP ADJ MODE	CAM - MODEL	CAP AVG	CAP AVG - MODEL	CAP MODE	CAP M - MODEL
4	54	200	47	-2.476123	10.17	7.693877	8.00	0.31	7.62	-0.07	8.00	0.31
21	74	300	37	-2.521563	10.17	7.648437	7.00	-0.65	7.04	-0.61	7.00	-0.65
28	80	1100	56	-2.23055	10.17	7.93945	7.00	-0.94	7.68	-0.26	7.00	-0.94
33	89	500	43	-2.687533	10.17	7.482467	7.50	0.02	7.93	0.45	7.50	0.02
TOTAL	297	2100	183	-9.9158	40.68	30.7642	29.50	-1.26	30.27	-0.49	29.50	-1.26
AVG	74.25	525	45.75	-2.4789	10.17	7.6911	7.38	-0.32	7.57	-0.12	7.38	-0.32
MODE	#N/A	#N/A	#N/A	#N/A	10.17	#N/A	7	#N/A	#N/A	#N/A	7.00	#N/A

THE x PROPERTY SAMPLE

PROP NO	BUILDING SCORE	LOCATION SCORE	COV/OCC %	MODEL RESULT	PLUS RFR	MODEL CAP RATE	CAP ADJ MODE	CAM - MODEL	CAP AVG	CAP AVG - MODEL	CAP MODE	CAP M - MODEL
34	74	300	64	-3.014718	10.17	7.155282	7.50	0.34	7.88	0.72	7.75	0.59

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APPENDIX 5.6

STANDARD DEVIATION TABLES

MODEL - N	
Mean	7.5644683
Standard Error	0.0722847
Median	7.588934
Mode	#N/A
Standard Deviation	0.4024641
Sample Variance	0.1619773
Kurtosis	0.9801962
Skewness	-0.739565
Range	1.712196
Minimum	6.46424
Maximum	8.176436
Sum	234.49852
Count	31
Confidence Level(95.	0.1416752

CAM - N	
Mean	7.5645161
Standard Error	0.0897785
Median	7.5
Mode	7.5
Standard Deviation	0.4998656
Sample Variance	0.2498656
Kurtosis	0.1956106
Skewness	-0.62133
Range	2
Minimum	6.5
Maximum	8.5
Sum	234.5
Count	31
Confidence Level(95.	0.1759624

AVERAGE - N	
Mean	7.6822581
Standard Error	0.0704146
Median	7.83
Mode	7.84
Standard Deviation	0.3920519
Sample Variance	0.1537047
Kurtosis	1.5342892
Skewness	-1.103929
Range	1.83
Minimum	6.5
Maximum	8.33
Sum	238.15
Count	31
Confidence Level(95.	0.1380099

MODE - N	
Mean	7.5080645
Standard Error	0.0863569
Median	7.5
Mode	8
Standard Deviation	0.4808147
Sample Variance	0.2311828
Kurtosis	-0.161125
Skewness	-0.649834
Range	1.75
Minimum	6.5
Maximum	8.25
Sum	232.75
Count	31
Confidence Level(95.	0.1692561

MODEL - n	
Mean	7.6910578
Standard Error	0.0944428
Median	7.671157
Mode	#N/A
Standard Deviation	0.1888856
Sample Variance	0.0356778
Kurtosis	1.4347874
Skewness	0.6106014
Range	0.456983
Minimum	7.482467
Maximum	7.93945
Sum	30.764231
Count	4
Confidence Level(95.	0.1851042

CAM - n	
Mean	7.375
Standard Error	0.2393568
Median	7.25
Mode	7
Standard Deviation	0.4787136
Sample Variance	0.2291667
Kurtosis	-1.289256
Skewness	0.854563
Range	1
Minimum	7
Maximum	8
Sum	29.5
Count	4
Confidence Level(95.	0.46913

AVERAGE - n	
Mean	7.5675
Standard Error	0.1882098
Median	7.65
Mode	#N/A
Standard Deviation	0.3764195
Sample Variance	0.1416917
Kurtosis	2.2500538
Skewness	-1.219661
Range	0.89
Minimum	7.04
Maximum	7.93
Sum	30.27
Count	4
Confidence Level(95.	0.3688838

MODE - n	
Mean	7.375
Standard Error	0.2393568
Median	7.25
Mode	7
Standard Deviation	0.4787136
Sample Variance	0.2291667
Kurtosis	-1.289256
Skewness	0.854563
Range	1
Minimum	7
Maximum	8
Sum	29.5
Count	4
Confidence Level(95.	0.46913

APPENDIX 5.7

n PROPERTIES - t-TEST RESULTS

n PROPERTIES

t-Test: Paired Two Sample for Mea 0.05 alpha

	Variable 1	*Variable 2*
Mean	7.69	7.375
Variance	0.036067	0.229167
Observations	4	4
Pearson Correlation	-0.38498	
Hypothesized Mean Differ	0	
df	3	
t Stat	1.088095	
P(T<=t) one-tail	0.178077	
t Critical one-tail	2.353363	
P(T<=t) two-tail	0.356155	
t Critical two-tail	3.182449	

t-Test: Paired Two Sample for Me 0.95 alp

	Variable 1	*Variable 2*
Mean	7.69	7.375
Variance	0.036067	0.229167
Observations	4	4
Pearson Correlation	-0.38498	
Hypothesized Mean Diffe	0	
df	3	
t Stat	1.088095	
P(T<=t) one-tail	0.178077	
t Critical one-tail	#NUM!	
P(T<=t) two-tail	0.356155	
t Critical two-tail	0.068088	

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APPENDIX 5.8

N PROPERTIES - t-TEST RESULTS

N PROPERTIES

t-Test: Paired Two Sample for Means 0.05 alp

	Variable 1	*Variable 2*
Mean	7.559677	7.564516
Variance	0.16165	0.249866
Observations	31	31
Pearson Correlation	0.804521	
Hypothesized Mean Differen	0	
df	30	
t Stat	-0.09075	
P(T<=t) one-tail	0.464149	
t Critical one-tail	1.69726	
P(T<=t) two-tail	0.928298	
t Critical two-tail	2.04227	

t-Test: Paired Two Sample for Means 0.95 alp

	Variable 1	*Variable 2*
Mean	7.559677	7.564516
Variance	0.16165	0.249866
Observations	31	31
Pearson Correlation	0.804521	
Hypothesized Mean Differen	0	
df	30	
t Stat	-0.09075	
P(T<=t) one-tail	0.464149	
t Critical one-tail	#NUM!	
P(T<=t) two-tail	0.928298	
t Critical two-tail	0.063234	

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