

Definition and Techniques

Valuation is the technique of estimating and determining the fair price or value of a property or business such as a building, a factory, other engineering structures of various types, land, private owned companies, etc. The main two types of appraisals are asset and financial valuation.

Valuation Approaches

In order to determine the valuation methodology, the various general valuation concepts and principals need to be identified and motivated, within main consideration of the highest and best purpose, use and value. The following are the basic approaches to property appraisal and company/business valuation

Asset Valuation

Sales Comparison

Compares the property to other properties with similar characteristics that have been sold or offered for sale recently

Cost Approach

Cost required to build a similar property according to recent prices (direct / indirect costs), including all necessary details plus the profit of the owner

Income Capitalization

Compares an investor's required rate of return to the net income a property produces post operation (residential rent or business profit)

Financial Valuation

Discounted Cash Flow (DCF)

DCF analysis uses future free cash flow projections and discounts them, using a required annual rate, to arrive at present value estimates. A present value estimate is then used to evaluate the potential for investment. If the value arrived at through DCF analysis is higher than the current cost of the investment, the opportunity may be a good one

Comparable Company Analysis (CCA)

CCA is a process used to evaluate the value of a company using the metrics of other businesses of similar size in the same industry. CCA operates under the assumption that similar companies will have similar valuation multiples, such as EV/EBITDA. Analysts compile a list of available statistics for the companies being reviewed and calculate the valuation multiples in order to compare them

Main Asset Valuation Processes



Main Financial Valuation Processes



Purpose of Valuation and Associated Property Types & Sectors

Valuation Purpose

The most commonly identified purposes of valuations are as follows:

Financing	Taxation of real estate
Listing real estate for sale/lease	Business Divestment
Investment analysis	Acquisition & Disposition
Property insurance	Business Tracking

Property Types / Sectors



There are many reasons why a business owner or individual may need to know the value of a business. The typical standard of value utilized is fair market value. The fair market value standard consists of an independent buyer and seller having the requisite knowledge and facts, not under any undue influence or stressors and having access to all of the information to make an informed decision.

A business valuation is a complex financial analysis that should be undertaken by a qualified valuation professional with the appropriate credentials. Business owners who seek a low cost business valuation are seriously missing out on the important benefits received from a comprehensive valuation analysis and valuation report performed by a certified valuation expert. These benefits help business owners negotiate a strategic sale of their business, minimize the financial risk of a business owner in a litigation matter.

Coldwell Banker Commercial Advantage

CBCA is a full service commercial real estate company located in New Cairo, Egypt. The company specializes in commercial, industrial, retail, residential, land development, and real estate investment covering various services.

Our professional team enjoys significant investment, managerial, and real estate development experience acquired from global and regional powerhouses assisted by specialized in-house functional advisors, including, Engineering, Legal, HR, Finance, etc., in addition to the company's collaboration with top real estate experts/consultants who act as stakeholders on many tasks appointed by the company's esteemed clients. Such high level of experience and devotion will offer and result in the highest quality and perfect timing.



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