

**Market Value** is the price at which a property would sell for cash or its equivalent under prevailing market conditions if:

- 1) Exposed for a reasonable time in the open market;
- 2) Both the buyer and the seller are well informed of all the property uses, purposes, and restrictions;
- 3) Both parties seek to maximize their gains;
- 4) Neither party is in a position to take advantage of the other.

There are three approaches to value:

**MARKET, COST, and INCOME**

The value of real property subject to local property taxation is determined by the use of Mass Appraisal techniques. Within the Mass appraisal system, there are three widely recognized approaches to determining the value.

The Market (or Sales Comparison) approach, the Cost approach, and the Income approach are all considered in the value determination.

The type of property being appraised will determine how much weight will be given to the values derived for a property under each approach.



**Gonzales Central Appraisal District**  
**1709 E. Sarah Dewitt Dr. Unit B**  
**Gonzales, TX 78629**

[www.gonzalescad.org](http://www.gonzalescad.org)

**Email:** [gonzcad@gvec.net](mailto:gonzcad@gvec.net)

**Phone:** (830) 672-2879

**Fax:** (830) 672-8345

**Please feel free to contact our office if you have questions or comments concerning the information in this brochure.**

# Gonzales Central Appraisal District

**Local Property  
Taxation**

**Appraisal  
Information**



# LOCAL PROPERTY TAX SYSTEM

## Approaches to Value – Mass Appraisal Process

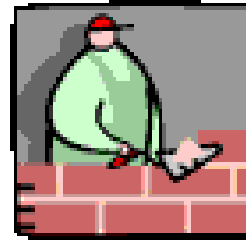
Texas laws require appraisal districts to appraise all property at current market value. Gonzales Central Appraisal District utilizes all three recognized approaches to value to determine local market values.

### Market Approach



The market (or Sales Comparison) approach to value develops an estimate of value by comparing the subject to similar properties that have recently sold. The focus is on sales prices of similar properties. It is the most reliable approach to value in an active sales market. This approach is best suited for residential properties.

### Cost Approach



The cost approach to value estimates value by calculating the cost to develop a new property with the characteristics of the property being appraised, and then adjusting the cost to reflect the actual condition and circumstances. The calculated value of the structures is then added to the land value for an overall property value. It is very accurate for new properties and the best approach for unique properties where there are no sales and there is no income being derived from the property.

### Income Approach



The income approach to value relies on the concept that income over a period of years can be capitalized or converted to a lump sum that represents what someone would pay to purchase the right to receive the income. This lump sum is also called present worth. It is the most meaningful value indicator for properties that produce income, such as offices, apartments, hotels, and motels.