

# Florida real estate appraisal approaches cheat sheet

A printable appraisal-method sheet for choosing sales comparison, cost, or income approach before you calculate cap rate, GRM, GIM, depreciation, or comparable adjustments.

APPROACH FIRST	INCOME LABEL	ADJUSTMENT DIRECTION
<p><b>1</b></p> <p><b>Approach first</b></p> <p>Pick the approach before touching any formula. Comps point to sales comparison, income facts point to income, and special-purpose facts often point to cost.</p>	<p><b>2</b></p> <p><b>Income label</b></p> <p>Read whether the stem gives gross or net income. Cap rate needs NOI. GRM and GIM use gross figures.</p>	<p><b>3</b></p> <p><b>Adjustment direction</b></p> <p>Adjust the comparable sale, never the subject. If the comp has something the subject lacks, subtract from the comp.</p>

## Approach picker

APPROACH	BEST EXAM CLUE	MAIN SETUP
<b>Sales comparison</b>	Typical residential property with comparable sales	Start with comp sale price, then adjust for differences
<b>Cost</b>	New, special-purpose, unique, or limited sales data	Land value + replacement cost new - depreciation
<b>Income</b>	Investment property, apartment, rent, NOI, cap rate	Value = NOI / cap rate
<b>GRM</b>	Gross rent, price, quick income-property screen	Price / gross annual rent
<b>GIM</b>	Gross income, not only rent	Value / gross annual income

## Formula map

FORMULA FAMILY	FIND THIS	EXAM SETUP
<b>Cap rate</b>	Value	NOI / cap rate
<b>Cap rate</b>	NOI	Value x cap rate
<b>Cap rate</b>	Rate	NOI / value
<b>GRM</b>	GRM	Price / gross annual rent
<b>GRM</b>	Price	GRM x gross annual rent
<b>GIM</b>	GIM	Value / gross annual income
<b>Cost approach</b>	Depreciated cost	Replacement cost new - depreciation
<b>Sales comparison</b>	Adjusted comp	Comp price +/- adjustment

## Worked examples

PROBLEM	SETUP	ANSWER
<b>NOI \$72,000, cap rate 8%</b>	$\$72,000 / 0.08$	\$900,000 value
<b>Price \$480,000, gross annual rent \$40,000</b>	$\$480,000 / \$40,000$	12 GRM
<b>Gross income \$96,000, GIM 9.5</b>	$\$96,000 \times 9.5$	\$912,000 value
<b>Land \$90,000, building \$360,000, depreciation \$45,000</b>	$\$90,000 + (\$360,000 - \$45,000)$	\$405,000 value

**QUICK SELF-TEST**

### Can you pick the approach cold?

Cover the answer key first. If you miss two or more, do not reread the whole sheet. Drill the family that caused the miss.

**MORE PRACTICE: [PASSFLORIDAREALESTATE.COM/MATH-DRILL](https://passfloridarealestate.com/math-drill)**

- 1 WARM-UP**  
An apartment building generates \$84,000 NOI at a 7% cap rate. Find value.
- 2 APPROACH PICK**  
A 1990s single-family residence in a typical neighborhood. Which approach fits best?
- 3 GROSS VS NET**  
A property has \$48,000 gross rent and \$36,000 NOI. Cap rate is 9%. Find value.
- 4 TRAP-AWARE**  
A comp sold for \$400,000. The comp has a pool; the subject does not. Pool adjustment is \$15,000. Find adjusted comp value.
- 5 APPROACH MISMATCH**  
A vacant church property has limited comparable sales data. Which approach fits best, and why not the others?

**ANSWER KEY: SETUP AND MATH**

- 1 Setup: Cap rate value**  
 $\$84,000 / 0.07 = \$1,200,000$
- 2 Approach: Sales comparison**  
Typical residential property with comparable sales points to sales comparison.
- 3 Setup: Cap rate value**  
 $\$36,000 / 0.09 = \$400,000$   
Trap watch: use NOI, not gross rent. The gross rent number is a distractor.
- 4 Setup: Comp adjustment**  
 $\$400,000 - \$15,000 = \$385,000$   
Trap watch: adjust the comp down because the comp has a feature the subject lacks.
- 5 Approach: Cost**  
Special-purpose property with limited comparable sales points to cost. Sales comparison needs comps. Income approach needs an income stream.

## Florida appraisal anchors

FLORIDA ANCHOR	EXAM-SAFE MEANING	TRAP TO AVOID
<b>Market value vs assessed value</b>	Appraisal questions usually point to market value unless the stem says tax assessment	Using assessed value when the stem asks for market value
<b>CMA/BPO vs appraisal</b>	Licenses may estimate value in brokerage contexts, but an appraisal is a licensed appraisal service	Treating every value opinion as a formal appraisal
<b>FREC exam scope</b>	For the sales associate exam, focus on approach recognition, value terms, and math setup	Turning appraisal prep into real-world appraisal advice

## Wrong-answer traps

TRAP	WRONG MOVE	REPAIR
<b>Gross vs net</b>	Using gross rent in a cap-rate problem	Cap rate uses NOI, not gross rent
<b>Percent format</b>	Dividing by 8 instead of 0.08	Convert percent rates to decimals
<b>Adjustment direction</b>	Adjusting the subject instead of the comp	Adjust the comparable sale price
<b>Land depreciation</b>	Depreciating land in cost approach	Depreciate improvements only
<b>Approach mismatch</b>	Using sales comparison for an apartment income question	Let the property type pick the approach

Sources: DBPR Real Estate Sales Associate Candidate Information Booklet, Florida Administrative Code Rule 61J2-2.029, Florida Statutes Chapter 475, and Pearson VUE Florida Real Estate testing page. For exam prep only, not legal, tax, lending, appraisal, brokerage, title, closing, or professional advice.