

## STUDY OF FACTORS AFFECTING REAL ESTATE VALUATION

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**Annotation:** The need to determine the value of real estate (including land plots) is increasing. Buying and selling property, obtaining a loan with property collateral, determining the taxable base, property insurance, dividing the share of land plots of enterprises, reorganization, liquidation, as well as using the right of inheritance and similar issues today current. Therefore, it is becoming increasingly important to correctly determine the price of a particular property. We have studied the factors affecting real estate valuation and covered the result in this article.

**Key words:** land plots, real estate, inflation, demand, profitability, final price, market factors, market price.

### Introduction

In order to determine the factors affecting the value of real estate, first of all, it is necessary to analyze the factors that determine the specificity of the real estate market at the stage of its formation. And in addition, it is necessary to take into account where the real estate market may go in the future and what awaits it, the characteristics of its formation. The following factors influence the formation and development of the real estate market in the initial stages:

*Political factors ( political instability).* Specific factors are the delay in the development of the real estate market compared to other sectors of the economy; uncertainty about the future of a significant part of the population; economic and social instability.

*Legal factors .* Absence of legal norms and procedures necessary for the normal functioning of the market for safe transactions and protection of property rights; accelerated and not always well-conducted privatization procedures; an undeveloped procedure for securing rights to real estate; checking the legal status and legal history of real estate objects; lack of clearly defined rights to the building in general and the land on which it is located).

*Market factors.* The absence of a land market, the beginning of housing privatization, the birth and development of the rental market, the development of the commercial real estate market.

*Financial and economic factors.* High inflation, sharp stratification of incomes, underdevelopment and instability of the financial system, lack of financial resources in the working capital of enterprises and the population; lack of financial and market infrastructure); real estate market.

*Administrative factors.* Allocation of apartments according to warrants - the so-called administrative-allocation system worked; very low payment for housing in relation to the general salary level; building and maintaining housing for the population is the authority of the state.

**Main part:**

Features of the ratio of supply and demand in the real estate market. Important economic parameters, such as prices, profitability, risks of buying or creating real estate, are crucially dependent on demand, supply and their interrelationship. In this regard, understanding the response characteristics of supply and demand in the real estate market to parameters such as prices, incomes, etc. to make reasonable predictions about. The balance of supply and demand is one of the decisive factors, but it is not real and must be considered in interaction with all groups of factors. At the same time, I don't think anyone would argue that the entire situation in the real estate market is determined by supply and demand. And it is supply and demand that affects prices the most. It should be noted that any real estate object is the result of the interaction of production factors such as land, capital and labor, the latter being mobile, while land is immovable and limited. These characteristics of the land determine the impossibility of increasing the supply of real estate, even with an increase in prices for it. But if it were only that, then the consequence of the increase in demand would be a constant increase in real estate prices, but everyone knows that in the real estate market, as elsewhere, price increases are their decrease is replaced by excess demand over supply. Let's consider an interesting theoretical and practical question of choosing different options for solving the problem of increasing the supply in the real estate market. This question may appear before the developer, for example. The developer, in a situation of increasing demand in the real estate market, has to choose whether to buy new plots of land or use the existing ones more intensively. Of course, the ability to purchase new plots of land will also be important, but the main thing that a developer should be guided by is the cost of land and the cost of additional capital investments. If the acquisition of additional plots of land is more expensive than the use of more expensive structures, materials, etc., the way of replacing land with capital is reasonable, if not, it is better to go the way of purchase. Consequently, the offer in the real estate market can be increased in different ways. Another thing is that the development of new areas, the creation of new real estate, the introduction of new materials and design solutions is a long process, so the supply in the real estate market cannot be increased immediately after the increase in real estate prices. As they wrote in works on economic theory, the supply in the real estate market is completely inelastic in the short run. Thus, supply and demand is one of the factors that determine the rise or fall of prices in the real estate market and interacts with all other factors.

**Summary :**

The change in the value of any property depends on a number of factors that appear at different stages of the evaluation process, these factors can be assigned to three different hierarchical levels.

First level (regional) - this is the level of influence of factors of a general nature that are not related to a specific property and are not directly related to it, but indirectly affect the processes that occur with real estate in the market, and therefore property is appreciated for.

Second level (domestic) - the level of influence of local factors, mainly at the scale of the city or urban area. These factors are directly related to the analysis of the object being evaluated and similar real estate objects and operations on them.

Third level (near environment) - the degree of influence of factors related to the property and mainly related to its characteristics.

The influence of factors can occur simultaneously at different levels and can be taken into account sequentially depending on the detailed level of assessment and the type of value being assessed. The real estate appraiser must determine the impact of each factor on the final price, then the impact of all factors in total, and make a general conclusion about the value of the property, supported by the necessary grounds.

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