

1) Substitution

The valuation based on this principle provides the expected cost of the property which a buyer or investor shows interest to buy. A buyer tends to purchase the property in lower cost and has resemblance with another property that he/she intends to buy if buyer has equal desirable to the lower cost property.

2) Contribution

This principle compares the value to the benefits of a property investment may be produced. It can be measured by a property's contribution to the value of the total property. The contribution value of the property can be differed with the cost of investments doing by a buyer who owns this property.

3) Anticipation

This principle enables the real estate professions calculate the future benefits may be produced by the property. The valuers need to realize the economic changes in the market and ensure the future trends to maintain the economic value of the property.

4) Supply and Demand

The supply and demand of property in the market might give impacts to real estate valuation. When the demand exceeds the supply of the property in the market, the property price will be increased. Conversely, if the supply exceeds the demand of the property in the market, the property price will be dropped.

5) Conformity

This principle affects the valuation of the property by the compatibility of the property based on the location. The high compatibility property will generate more values compared to other property which has limitations due to the location. For instance, the houses located at main residential area always have higher values than the houses located at industrial area.

6) Highest and Best Use

The valuers will assume the appraised property to its highest possible use and value when vacant. There are 4 criteria are support the highest present value which are legal permissibility, physical possibility, financially viable and maximum productivity.