



PROPERTY EVALUATIONS: “VPT”

The “VPT” Evaluation System (“*Valor Patrimonial Tributário*”) is comprised of five basic components. The formula works as follows:

$$VPT = Vc \times A \times Ca \times Cl \times Cq \times Cv$$

Cost Base Assumption: “Vc” (Deemed Value per m²) = €482.40

Factor nº1: “A” - *Constructed Area and Implantation*

The area is a function of cost. The current value (2015) per m² is €482.40. Area coefficients are determined by applying the respective coefficients to the following types of areas:

Type of Area	Coefficient
Covered Habitation Area	1
Outbuildings	0.3
Garden and Patio areas	0.25
Surrounding land	0.005

To calculate this primary factor, add the areas, previously multiplied by the respective coefficients, then multiply by the cost per square metre.

Next, this base will be altered by the remaining coefficients:

Factor nº 2: “Ca” - *Type of Usage* (0.08 - 1.2)

The next Factor is Type of Usage (*Residential, Commercial, Industrial, Agricultural*), each having been assigned coefficients. Residential Property has a coefficient of 1.0.

Factor nº 3: “Cl” - *Location* (0.3 - 3.0)

The location factor can be the biggest wildcard in the equation. This coefficient ranges from a low of 0.3% for properties in the remote interior to 3.0 for up-scale urban neighbourhoods and popular seaside locations. All other factors being equal, the end appraisal can have almost a 10-fold difference in its final value.



Factor nº 4: “Cq” - Quality of Construction (0.5 - 1.7)

This component works in two different ways: attractive features, such as a pool or private garage, will push up the overall value of your home. Living on a dirt track, as opposed to a tarmac road, will diminish the appraisal.

<u>FIXED RATE COMPONENTS</u>			
<u>Increase:</u>	<u>%</u>	<u>Decrease:</u>	<u>%</u>
Closed Condominium	0.20	No kitchen	0.10
Single Garage	0.04	No bathroom	0.10
Collective Garage	0.03	No running water	0.08
Private Swimming Pool	0.06	No electricity	0.10
Collective Swimming Pool	0.03	No gas	0.02
Tennis Court	0.03	No sewage	0.05
Other Leisure Equipment	0.04	No paved road	0.03
Central Air Conditioning	0.03	Diminished living quarters	0.06
Elevator (< 4 stories)	0.02	No elevator (>3 stories)	0.02
		Building in poor repair up to	0.10
<u>VARIABLE COMPONENTS:</u>			
Single Family Dwelling (0,0 - 0.20 %)			
Construction Quality (0.0 - 0.15 %)			
Exceptional Location (0.0 - 0.10 %)			

Factor nº 5: “Cv” - Age of Construction (0.4 - 1.0)

Finally, the base is adjusted in accordance with the year of construction or last re-evaluation of the property, ranging from 1.0 for new property and 0.4 for houses more than 80 years old.