



A DEEPER LOOK

Undivided Interests

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The typical real estate entity that we value is a partnership or corporation that owns real estate. However, occasionally we are asked to value an undivided interest in real estate, i.e., a tenancy in common interest (“TIC”). In a tenancy in common, all owners have equal rights (regardless of percent of ownership) to the use and access of the property. It is extremely difficult to locate sales of other TIC interests to estimate a pricing multiple in order to value a subject interest. Despite this obstacle, data

from the real estate limited partnership secondary market may be useful in valuing a TIC interest. In addition, estimates of the costs to partition the property can also be helpful in valuing a TIC. This is a unique area of business valuation that requires a careful, thoughtful analysis.



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