

CFA® SAMPLE QUESTION - LEVEL I

Alternative Investments

Q: The real estate valuation method which assigns quantitative rankings to a property's characteristics for use in a regression model is the:

CORRECT ANSWER:

a) Hedonic price estimate approach

Hedonic price estimation is a variation of the sales comparison approach that uses recent transaction as a benchmark to estimate the market value.

The cost approach only considers what it would cost today to rebuild improvements on a property. The income approach values a property based on an estimate of future cash flow income.



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