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Chapter 11
The Value of Real Estate

In This Chapter

To fully understand real estate valuation, there are several definitions and concepts that are important to know. The seven characteristics of real estate include four value characteristics that all items must have, as well as three physical characteristics that are unique to real estate. This chapter also discusses broad market factors and property-specific factors that can affect real property value. That's followed by the difference between value, price, and cost, before defining market value and the required elements of an arm's length transaction. Finally, assemblage, plottage, subdividing, and frontage as they relate to increasing the value of land are discussed.

At the end of this chapter, you will be able to:

- Describe how several broad factors and specific principles impact the value of property.
- Contrast value, price, and cost.
- Define the necessary factors for an arm's length transaction.
- Identify factors related to subdividing land that impact its value.

Key Terms

Arm's Length Transaction
Assemblage
Conformity
Contribution
Demand
Depreciation
Effective Demand
External Obsolescence
Frontage
Functional Obsolescence
Highest and Best Use
Immobility
Indestructibility
Law of Decreasing Returns
Law of Increasing Returns
Market Value
Plottage
Price

Characteristics of Real Estate

Mortgage professionals possess a broad base of knowledge. Since mortgage loans depend on the value of the real estate as the underlying collateral for the loan, a basic understanding of value and how it applies to real estate is useful. There are seven characteristics of real estate: Four value characteristics and three physical characteristics. All of these are important to real estate value. As we review the seven characteristics of real estate, note that the four value characteristics apply to all products and services, not just land. These must be present in any item for it to have value. On the other hand, the three physical characteristics are unique to real estate. These physical characteristics are what make land inherently valuable.

Value Characteristics

Value is *the amount of goods or services offered in the marketplace in exchange for something else*. For anything to have value, certain value characteristics must be present and perceived by the user and other potential users of the property. All four of these characteristics must be present and in harmony for the item to achieve maximum value. The four value characteristics are demand, utility, scarcity, and transferability (remember D U S T).

Demand

Demand is *the need or desire for a specific good or service,* and is an essential ingredient in creating value. Without demand, any amount of supply is meaningless. Sometimes though, demand can be created simply by lowering the price.

On the other hand, prices can be raised too high even when there appears to be strong demand. High prices cause some people to look for alternatives in the marketplace. This is known as the theory of substitution, which is discussed later.

One final element of demand to consider is a person's ability to pay for an item. **Effective demand**, or purchase ability, means a prospective buyer has enough disposable income available to satisfy her needs or desires. A person may want a million-dollar home, but if she can't afford to buy it, then that person's demand doesn't count.

Utility

Utility is *the ability of a good or service to satisfy human wants, needs, or desires.* Utility is the degree of usefulness to prospective users. For example, there can be demand for housing, but your house must be perceived as useful (e.g., enough bedrooms) to someone interested in buying a house for it to have value to that potential buyer.

Furthermore, if there's no perceived use for something, then there's no perceived value. This is why public and private restrictions on land can impact value. For example, government restrictions on the size and placement of buildings may mean that a certain type of building can't be built on a lot. Any such restrictions can impact the utility, and hence the value, of land.

Scarcity

Scarcity is *the perceived supply of a good or service relative to the demand for the item.* If there's an unlimited supply of something, then it's perceived to have little value. Of course, the scarce item must also be useful (have utility). Scarcity and utility must both be present. Things that are scarce but not useful have little value (e.g., common fossils), just as things may have little value if they happen to be plentiful, even if useful (e.g., air or an abundant source of water).

People generally perceive land to be valuable because there's a limited supply of it. This notion of scarcity feeds the anticipation of real estate buyers who feel they're buying property as an investment that will increase in value. Value is also derived from scarcity due to uniqueness; for example, the fact that there's only one of a particular house in a given location. If people really desire a certain home in a certain location, then more value may be created.

Transferability

Transferability is *the ability to freely buy, sell, encumber, or dispose of property in any way that the owner sees fit.* Property value is derived from the freedom to transfer title readily from one person to another. The fewer restrictions there are on property, the more perceived value it has in the marketplace. If there are conditions on title to land, which restrict its future transfer, a buyer would likely not pay as much for the land (given that ready substitutes exist in the marketplace). Again, public and private restrictions are a factor. If there are any restrictions imposed on transferability, they may decrease the perceived value to potential buyers.

Finally, there's the added requirement that the person receiving the property must have the ability to pay for it. We referred to this earlier as effective demand or purchase ability. Without this, desires and demands go unfulfilled because property won't be transferred to the person who desires it.

Physical Characteristics

Real estate has three physical characteristics that give land some inherent value. These unique characteristics are not present as a group in other types of property. Only real estate has this combination of physical attributes and, as a result, they have the ability to affect value. As we discuss the three physical characteristics of real estate, note how they often intertwine with the four value characteristics.

Uniqueness

Uniqueness is a physical characteristic of real estate referring to the fact that *each piece of land, each building, and each house is said to be a different piece of real estate.* No two are exactly the same (also called non-homogeneity). Even if two houses or two buildings look the same, they are said to be different because of their location. Since more land cannot be created in a given location, this uniqueness leads potential buyers to view land as a scarce commodity. When people want to build in a certain area, they must compete with others for the limited supply of land in that area. Value is derived from this perceived scarcity due to uniqueness.

Immobility

Immobility is a physical characteristic of real estate referring to the fact that *it can't be moved from one place to another.* This is an equal benefit or detriment to all parcels of real estate in the same general area. This immobility of land helps its value in a good market, since other land can't be moved in to take away potential customers (as can be done with other products), but it can also hurt land value in a bad market. Note that customers are somewhat immobile as well. It's impossible to move a house and land from Boston to Chicago where there's a buyer, and usually a person in Denver won't buy a house in Atlanta if that person's job can't move too.

Indestructibility

Indestructibility is a physical characteristic of real estate referring to the concept that *it can't be destroyed.* Thus, real estate is said to always have some minimum value by virtue of its existence. Land is not consumed, nor does it wear out like other goods. But the actual and perceived utility of land can be affected by the marketplace or other forces. Land always has the potential to be useful, but its usefulness, and hence its value, can change over time.

However, the land itself can move or change shape by natural forces, for example:

- Erosion, which is the wearing away of soil due to the action of wind, water, or other forces
- Accretion, which is the addition to land, such as through deposits by water of sand or silt

Property-Specific Factors Affecting Real Estate Value

There are additional factors to consider when valuing a specific piece of property. More or less in their order of importance, these are: Highest and best use, location, substitution, conformity, contribution, and depreciation.

Highest and Best Use

Highest and best use is *the use that is physically possible, legally permissible, most economically feasible, and maximally profitable or productive.* To expand on this:

- **Physically possible** means that any potential use must conform to the size, topography, shape, and other physical characteristics of the subject property.
- **Legally permissible** refers to uses that are not forbidden by zoning or other government regulations as well as uses that are not prohibited by any deed restrictions or other covenants.
- **Economically feasible** refers to the ability to get the best dollar return out of the property without overspending on acquisition and improvements.

Highest and best use may be the most important property-specific factor that an appraiser considers before making a determination of value. As you can see from the comprehensive definition, a number of factors contribute to this determination. Of course, with most houses this isn't necessary since they're in the middle of residential neighborhoods. Highest and best use becomes a vital consideration, though, when examining vacant land or land that has changed zoning since the original structure on it was built.

Highest and best use is such an important and complex topic that entire real estate and appraisal courses are taught on it. For our purposes here, it's important to understand the basic concept. If a house sits on a widened street and is surrounded by commercial buildings, it's very likely that land would be more valuable if it were also put to a commercial use. We must consider other parts of the definition, as well. That is, the zoning laws must permit the intended use and the owner must be able to build the proposed structure on the land. All of these factors must be considered when valuing a piece of real estate.

Location

Location is *the exact position of a piece of real estate.* Location can be talked about with respect to a given neighborhood, and even within the neighborhood itself. It's easy to understand that homes in a growing, popular, and prosperous neighborhood are more highly sought after and valued than those in other neighborhoods. It's also important to recognize, though, that each individual home's location within that neighborhood affects its value. A home on a corner lot, next to the park, or on a cul-de-sac would usually have a higher value than that same home sitting next to a railroad track.

"Best" and "Worst" Homes

An important corollary to the concept of location is the **effect of surrounding homes** on valuation. There are technical terms often used to describe this concept, but you only need to understand the theory. Basically, the theory is that *the value of the "worst" home in a given area is increased by the other homes in the area.* The value of this theoretical "worst" home can only go so low, because the desirability of the other homes in the neighborhood keeps it from falling too far. Conversely, *the value of the "best" home in a given area is decreased by the other homes in the area.* The value of this theoretical "best" home can only go so high, because if the other homes in the neighborhood are less expensive, people that can afford this "best" home will be attracted to other neighborhoods.

For example, if each of the homes in a neighborhood average $200,000, a run-down home in that area, that may only command $120,000 in another area, is helped by the fact that people will pay more than that in this particular neighborhood. The reason being is that they anticipate a higher value for the investment they make by improving the property. Conversely, in another neighborhood where the average home price is $180,000, a much larger-than-average home with a swimming pool and other amenities, that would command $300,000 in another area, is hurt by the fact that people who can afford this home probably want to live in a neighborhood with homes closer to that average price, and they may fear a lower future resale value in the less expensive area.

Substitution

Substitution says that *an informed buyer will not pay more for a home than a comparable substitute.* Although each home is said to be unique, there's a price point beyond which a buyer won't select a particular home. Of course, no one really knows what that point is until trying to sell a home for too much, with no resulting sale. The theory of substitution can also be applied to items within a home. When an appraiser determines the value of a fireplace in an area where most homes don't have one, the appraiser must take into account that a buyer is not going to pay more for that home than for a similar home plus the cost of adding a fireplace. In other words, if a fireplace costs $2,500 to add to a typical home in the area, an appraiser can't justify adding much more than that to the value of a home.

Conformity

Conformity says that *a particular home achieves its maximum value when surrounded by homes of similar style and function.* This applies to neighborhoods as well. Neighborhoods as a whole are more desirable when there is a general similarity in utility and value for all homes in it. This relates to our best/worst home scenario. Most people want to live in areas with like homes. A home that stands out as being too different from the rest is worth less than that same home would be if it were in a different, more homogeneous neighborhood. If too many homes stand out as different, the neighborhood's desirability is hurt, as well.

Contribution

Contribution says that *a particular item or feature of a home is only worth what it actually contributes in value to that piece of property.* Thus, if a five-bedroom home is not desirable, putting an addition onto a house to add a fifth bedroom doesn't increase the value of the home that much. The owner of the house may want or need a fifth bedroom, but he should not expect it to add significantly to the value of the home when it's sold. The value of an item or improvement is only equal to what a prospective buyer is willing to pay for it, not what it actually cost the owner to install or construct it. This is an important value concept for mortgage professionals, especially when evaluating requests for home improvement loans or lines of credit.

Laws of Decreasing and Increasing Returns

It's important to understand the **law of decreasing returns**, which says that *beyond a certain point, the added value of an additional feature, addition, repair, etc., is less than the actual cost of that item.* This is also called the law of diminishing returns. In other words, you can add too much to a property and not be able to increase the price enough to recoup the money you've invested. You may still want or need to do something to the property, just don't expect to get the full cost of the labor and materials back when you sell.

The corollary to this is the **law of increasing returns,** which says that *the added value of an additional feature, repair, etc., is more than the actual cost of that item.* Consider the example of a house in such need of repair that doing anything would have a dramatic increase in its value. Of course you can go too far, and beyond a certain point, you'll be back at the law of decreasing returns.

Depreciation

Depreciation is the *loss in value to property for any reason*. Factors contributing to depreciation can be classified as **curable**, which means that they can be *remedied at a reasonable cost*, or **incurable**, which means that the *cost to remedy the issue would exceed what it contributes to the value of the property.* Depreciation is usually attributed to one of three causes:

- **Physical Deterioration.** *Actual wear and tear due to age, the elements, unrepaired damage, or other forces*. While physical deterioration is usually curable (e.g., replacing a roof, painting), it could be incurable (e.g., severe structural damage due to a flood or fire). Regular maintenance can slow the process of normal physical deterioration.
- **Functional Obsolescence.** Describes a building that is less desirable because of something *inherent in the structure itself,* such as a house with an outdated style, inadequate fixtures, impractical floor plan, etc. This too may be curable or incurable. For example, if adding a second bathroom to a house with five bedrooms results in an increase in value that is greater than the cost of the improvement, it is curable functional obsolescence.

- **External Obsolescence.** Also known as economic obsolescence, occurs when something *outside the control of the property* makes it less desirable. Some examples are the general decline of a neighborhood, loss of an area's economic base, a nearby landfill, or the construction of a new highway that creates noise or re-routes traffic. Other examples could be high tension power lines too close to the property, a railroad adjacent to the property, or perhaps air traffic noises caused by proximity to an airport. External obsolescence is always considered incurable since the property owner cannot remedy it.

Economic Factors Affecting Real Estate Value

When considering broad economic factors, the law of **supply and demand** says that for all products, goods, and services, *when supply exceeds demand, prices will fall and when demand exceeds supply, prices will rise.* This has a very important role in real estate because of the inherent difficulties in adjusting supply and demand. Because of the lag time for market forces (e.g., construction companies) to respond to supply and demand situations, there are often buyer's markets and seller's markets.

Buyer's Markets

A **buyer's market** is a situation in the housing market when *buyers have a large selection of properties from which to choose.* This may be due to population shifts away from an area, overbuilding by construction companies, or bad economic conditions like a plant closing. A buyer's market can be neutralized if some sellers pull their homes off the market. But a glut is a glut, and usually there's downward pressure on real estate values. When more homes are available, the increased supply tends to keep home values lower. Often, in this situation, a buyer is in a position to negotiate for a lower price or more favorable terms of sale.

Seller's Markets

A **seller's market** is a situation in the housing market when *sellers can choose from a large number of buyers who are looking for houses in a particular area.* This may be due to people moving into an area, little building by the construction industry in response to a prior oversupply, high construction costs for labor or materials, good economic conditions like a new plant opening, or lower interest rates. When fewer properties are available, the lower supply (relative to the demand) tends to keep home values higher. Often in this situation, a seller is in a position to stay closer to the original asking price or negotiate favorable terms.

During the lag time for market forces to respond, a supply and demand imbalance can have a real impact on the value of a house, positively or negatively. If the subject home's value is higher than expected because of a housing shortage in the area, this would likely be mentioned in the appraisal. Conversely, an appraiser may have to justify lowering a home's appraisal value because of a temporary glut in the market due to, for example, the closing of a major company that has hurt the economic base of an area.

The real estate market is said to be in **balance** when there are *slightly more homes available than buyers.* This keeps real estate prices in check and curtails the impact of people putting their homes for sale at a higher price to test the market. In fact, the market will determine if the price is too high.

Defining Market Value

Although at times the term "value" seems to be synonymous with "price," these two words actually have very different meanings. **Value** is *what a typical person would pay for something*; **price** is *what one person actually paid.* Price is a fact. Of course, both value and price may have nothing to do with cost. **Cost** is *the dollars needed to develop, produce, or build something*. The value of a piece of real estate should never be confused with its price.

Most residential appraisals completed for mortgage professionals are to determine the **market value** of property. Market value is *the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale.* This is the accepted definition of market value by Fannie Mae and most others in the secondary mortgage market. In fact, Fannie Mae guidelines state that the final value entered on the Uniform Residential Appraisal Report (URAR) should represent the appraiser's opinion of market value.

This is important because lenders can't rely on the hope of future appreciation to secure their current investment. Buyers can do this, though, because they expect to live in the home for a period of time; lenders can't, because they must consider the possibility of foreclosure as a contingency that could occur at any time. If a property must be foreclosed on, lenders want to know what value they can reasonably expect to get from the property. The best estimate for this figure can be derived by analyzing comparable properties that have recently sold in the same area. Recent marketplace activity is the best objective evidence of what a typical buyer would do or pay.

Arm's Length Transaction

The definition of market value talks about a "competitive and open market." This assumes that property is part of a typical "arm's length" transaction. An **arm's length transaction** is *a transaction that occurred under typical conditions in the marketplace with each party acting in his own best interest.* Those "typical" conditions are:

- The buyer paid cash for the property at closing or obtained a conventional mortgage through a lender so as to pay the seller the agreed upon price at closing.
- The seller did not grant any unusual payment concessions, such as owner financing or other payment terms.
- The buyer and seller are not related in any way.
- The buyer and seller are both acting in their own best interests.
- The buyer and seller are not acting out of undue haste or duress.
- The buyer and seller are both reasonably informed about all aspects of the property, its potential uses, market value, and market conditions.
- The property has been available on the market for a reasonable period of time.

All of these factors should be considered when evaluating comparable properties to use when determining a property's value. If the seller was forced to sell because of a lost job, this would tend to lower the selling price of the subject home. Or, if the seller agreed to some type of owner financing, this may contribute to a higher selling price. When such properties are used as comparable sales, an appraiser must take these factors into consideration when making adjustments. A good appraiser makes a serious effort to research all of these factors, takes them into account, and describes any relevant impact on value in the final appraisal report. This is important for determining what a typical buyer would do in a typical transaction.

Making Land More Valuable

Although the focal point of a real estate appraisal is the improvement or structure on the land, the land itself has some inherent value derived from its location and scarcity. This inherent value, though, is only changed by market conditions. Improvements to raw land to make it into a site can add some value to the land, but the inherent value of the land is still the same. And if buildings are added, the value of the real estate is increased, but not the inherent value of the land. About the only way to increase the value of land without waiting for market appreciation is to have more of it.

Assemblage and Plottage

Assemblage is *combining two or more parcels of land into one larger parcel.* This is typically done to increase the usefulness of the land. By allowing one larger building to be constructed on the larger parcel than could have been built on the smaller individual parcels, the value of the land has also increased. In fact, this one large parcel is likely worth more than the sum total of the smaller parcels. This is referred to as plottage. **Plottage** is *an increase in value (over the cost of acquiring the parcels) by successful assemblage, usually due to a change in use.* By creating a larger parcel with more utility and higher and better use than the individual sites, the owner has successfully achieved an increase in the inherent value of the land. Actually, individual landowners can benefit as well.

Let's look at an example.

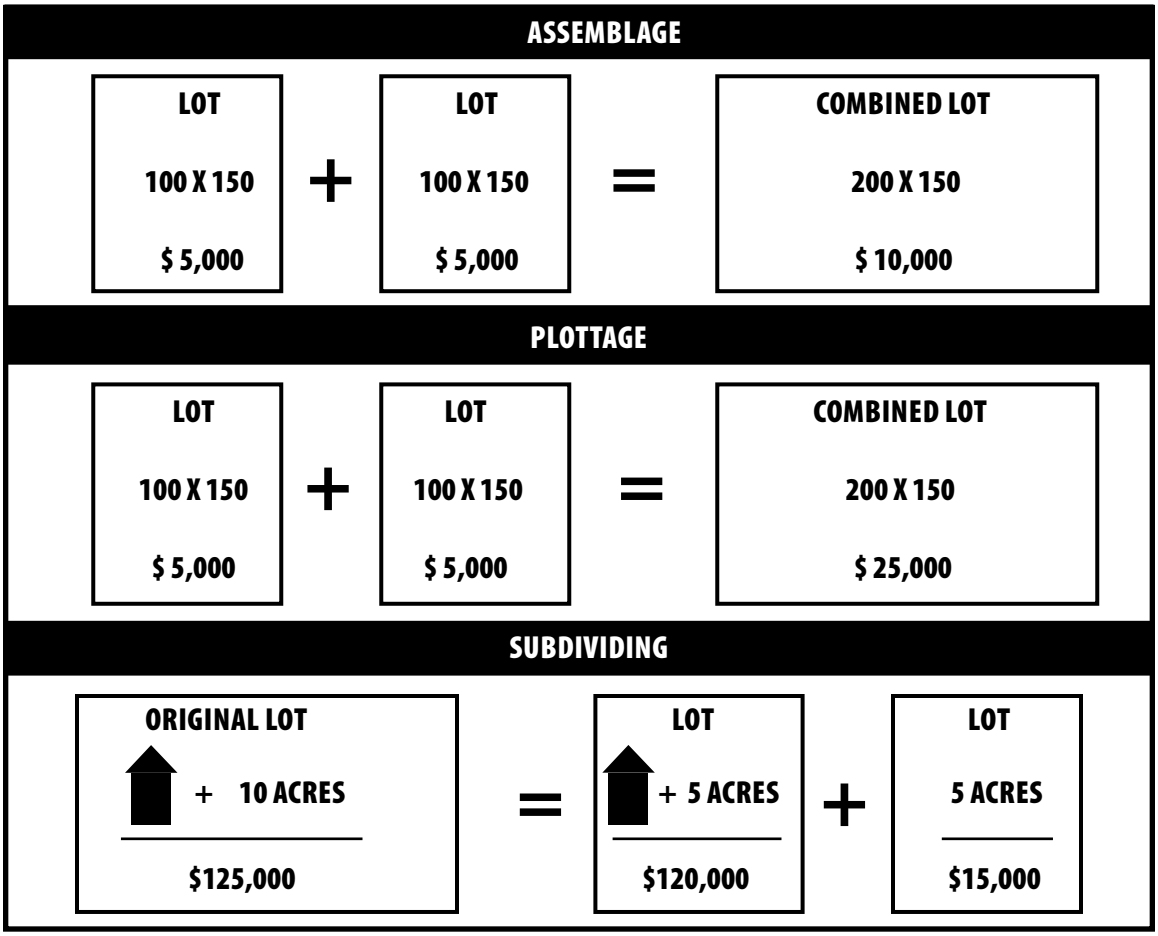

Figure 11.1: Examples of Assemblage, Plottage, and Subdividing.

Class Activity: Assemblage

Mega Company wants to build a new shopping center. They've selected an ideal location where ten homes now sit. Each of those homes is worth about $100,000. Mega knows, though, that the value of all ten parcels together is $2,000,000. Instead of trying to buy each home for only $100,000, Mega is likely to offer the owners, say, $120,000 as an incentive for them to sell. If every home was purchased for $120,000, Mega's total cost would be $1,200,000—much less than the total value of the combined larger parcel.

What are some of the potential pitfalls with this strategy for Mega? For the homeowners? Discuss your thoughts with the class.

Subdividing

There are times when **subdividing** property by *splitting it into multiple smaller parcels* can increase value. Suppose a house sits on 10 acres of land. If the property is not being used for farming or another specialized use that requires that much land, the owner might want to consider splitting it into two parcels: One parcel of five acres with the house and another, separate five-acre parcel. Of course, the specific property and market would need to be analyzed, but it's very likely that the value of the house and five acres would not be worth much less than the house and 10 acres. But now the owner has an additional parcel of land to sell or develop, thus increasing the total maximum productivity and profitability of the land. (Zoning may allow subdividing the land into smaller lots, but many areas require platting and place restrictions on lots of less than five acres, hence this example.)

Value of Frontage

As a correlation to assemblage and plottage, it's important to understand that the addition of some land is more valuable than other land. This is especially true for commercial property, which is compared by the front foot. Adding more **frontage**, which is *the dimension across the access side of a property*, makes land more valuable than adding more depth, even if the total amount of land added is the same. When giving the size of a lot, frontage is expected to be the first number. Let's explain. If a lot is 200 feet by 100 feet, and a person buys another lot that's 100 feet by 200 feet, both lots have the same total area (20,000 square feet). However, the first lot would be worth more because it has greater frontage—and, therefore, access along the road—rather than depth.

Real Success

With commercial properties, frontage is valued more since it is more useful for business purposes. Adding depth still increases the value of the lot, but as the depth of a lot increases, the value per front foot increases at a decreasing rate. If a lot is 100 feet wide and 10,000 feet deep, how much would someone be willing to pay to make the lot 10,005 feet deep? Not much. The total value increase to the lot would be small.

Now consider this, how much would someone be willing to pay for a few more feet of road frontage to that lot that is 100 feet wide and 10,000 feet deep? More than someone would pay for more depth! Remember, our examples are primarily concerned with commercial properties.

Generally, the marketplace does not make the same distinction for frontage when valuing residential properties. An increase in lot size (whether frontage or depth), generally contributes the same amount of extra value to a lot based on the total size of the lot. When comparing two lots that are not the same size, the marketplace ultimately determines how much additional lot area is sufficient to warrant an increase in value. A sales comparison of comparable properties in the market is the best way to determine if a larger lot is worth more, how much more the larger lot is worth, and what amount of additional land is needed for an increase in value.

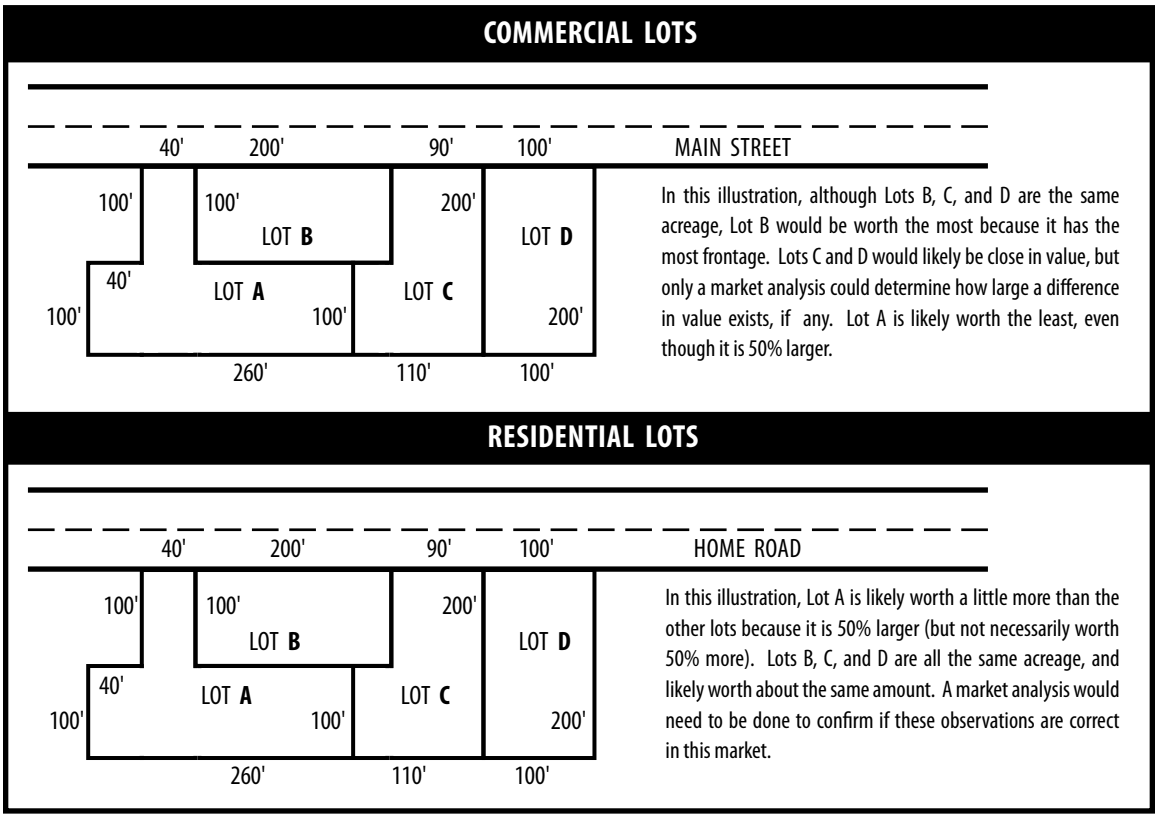

Figure 11.2: Lot Value Examples.

Chapter 11 Summary

1. **Value** is the amount of goods or services offered in the marketplace in exchange for something. There are seven characteristics of real estate. Maximizing value requires all four value characteristics—demand, utility, scarcity, transferability (DUST)—plus the three physical characteristics—immobility, indestructibility, uniqueness. Buyers must want a site, feel it's useful to satisfy needs, perceive limited supply, and be free to transfer the site later. To have value, scarcity must be coupled with utility. Without demand, supply is meaningless, but a person must also have an ability to purchase (effective demand).

2. Factors that affect the value of a particular piece of real estate include many of the same economic, governmental, and social factors that influence the broad real estate market. Some of the most relevant broad market factors that influence the value of a particular piece of real estate include **supply and demand**, **uniqueness**, and **scarcity**. Property-specific factors include **highest and best use, location, substitution, conformity,** and **contribution**.

3. **Market value** is the theoretical price that a piece of real estate is most likely to bring in a typical transaction, not to be confused with market **price**, which is the actual price paid for a piece of real estate. A typical real estate transaction is often referred to as an **arm's length transaction,** meaning the transaction occurred under typical conditions in the marketplace. Typical conditions are buyer paying cash or getting a mortgage, seller not offering financing or unusual terms, buyer and seller are not related, buyer and seller acting in their own best interests, buyer and seller not acting out of undue haste or duress, both are reasonably informed about the property, and the property has been on the market for a reasonable period of time.

4. Inherent value of land can be increased through assemblage or subdivision. **Assemblage** is combining two or more parcels of land into one larger parcel, increasing the usefulness of the site. If the larger parcel is worth more than the sum total of the smaller parcels, this is called **plottage**. **Subdividing** a larger parcel of land can also result in more utility and more value. **Frontage** is the dimension across the access side of a parcel of land. With commercial property, frontage is usually more valuable than depth. The first number in a lot size is always the frontage. With residential land, usually, only total size is compared. In both cases, a market study must be done to determine any amount of value difference.

Chapter 11 Quiz

1. ***The amount that one particular person paid for property is its***
   A. cost.
   B. market value.
   C. price.
   D. value.

2. ***What are the value characteristics that properties must have in harmony to maximize value?***
   A. demand, utility, scarcity, transferability
   B. supply and demand
   C. uniqueness, immobility, indestructibility
   D. utility and scarcity, coupled with a lack of purchasing power

3. ***Land has inherent value because of***
   A. immobility.
   B. indestructibility.
   C. uniqueness.
   D. all of the above

4. ***Which is an example of real estate put to its highest and best use?***
   A. a flat, paved parking lot in downtown Boston
   B. a house in a residential subdivision
   C. an old house on a major highway surrounded by commercial buildings
   D. a vacant lot

5. ***Which house will hold its value best?***
   A. "best" house in the "worst" neighborhood
   B. "worst" house in the "best" neighborhood
   C. $50,000 house that overlooks a huge landfill
   D. $500,000 house in an area of apartment complexes

6. ***Which is NOT a characteristic of an arm's length transaction?***
   A. Buyer and seller are not related.
   B. Each party acts in its own best interest.
   C. Neither party is acting under duress.
   D. Seller offers financing concessions.

7. ***Someone buys two adjacent parcels of land for $20,000 each. An appraisal shows that the combined larger parcel is now worth $40,000. What has occurred?***
   A. assemblage
   B. frontage
   C. plottage
   D. subdividing

8. ***Someone buys two adjacent parcels of land for $20,000 each. An appraisal shows that the combined larger parcel is now worth $50,000. What has occurred?***
   A. assemblage
   B. frontage
   C. plottage
   D. subdividing

9. ***Someone buys one large parcel of land for $200,000 with plans to sell it later as 10 separate lots for $25,000 each. The owner would be increasing the value of the land through***
   A. assemblage.
   B. frontage.
   C. plottage.
   D. subdividing.

10. ***A fast food chain is looking for a new location. Assuming the cost of the lot is less of a concern than customer convenience of entering and exiting the property, which of these lots would the restaurant likely choose?***
    A. 100' x 200'
    B. 125' x 150'
    C. 150' x 125'
    D. 200' x 100'