

The Income Approach

The Income Approach to value is used only when solid data involving income and expenses for a particular item can be established. Income Approach measures value based on the assumption that value is related to the economic income that the asset can be expected to earn. The income approach is the present worth of future benefits (income) of ownership. It is not usually applied to individual items of personal property since it is difficult, if not impossible, to identify individual income streams. However, if expenses and revenues can be clearly identified on an individual basis, it can be a valuable tool for assets typical to leasing and rental companies for example.

