

REAL ESTATE MATH IN INDIANA

STUDY SHEET

Summary

Real estate requires a solid understanding of math basics, since math is everywhere in real estate. A calculator can help, but you need to know what numbers to use and what to do with them!

Take a look back at your notes for these items:

- Real Estate Math Cheat Sheet
- Calculating Area and Length Cheat Sheet

Top Takeaways

- **Word problems:** Read the entire word problem, determine what information is missing, look for key words, then decide which formula you need to solve for the unknowns. Always review your answer to see if it makes logical sense.
- Many **real estate transactions** involve multiplying one number by another: $A \times B = C$. If you have any two of these values, you can solve for the third.
- National standards for **measuring square footage** include only areas where the ceiling height is seven feet or taller, as well as all finished living areas.
- To make **CMA adjustments**, assign a dollar value to the difference and adjust the comparable property.
- **Gross Rent Multiplier (GRM)** is used for single-family houses, and two- to four-family units.
- **Gross Income Multiplier (GIM)** is used for properties with five or more units.
- **Capitalization** is the process of converting income to value. A capitalization rate is the expected rate of return on an investment.