



Appraisals & Valuations eBook

Appraisals & Valuations: Common Terms & Definitions of Value for Machinery and Technical Assets

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Introduction

We talk a lot about the importance of knowing and understanding the value of your machinery and equipment assets, but sometimes the language used in the industry can be confusing. It's important for you to understand what all of the terms mean when you utilize a machinery and equipment appraiser.

Here are some common definitions for different appraisal values as they apply to machinery and equipment, as defined by the American Society of Appraisers.

Who We Are

EquipNet is a global leader of surplus asset management solutions. We're recognized for our proprietary asset management platform, our revolutionary industrial equipment marketplace, and our results-driven project management services. Our diverse roster of clients include Fortune 500 multi-national corporations, leading regional manufacturers, financial institutions, and corporate renewal professionals.

EquipNet solutions deliver maximized financial return while improving our client's corporate image, adhering to their safety standards, and contributing to their sustainability initiatives.

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Fair Market Value:

Fair market value is the estimated amount, expressed in terms of currency, which may reasonably be expected for a property in an exchange between a willing buy and seller, with equity to both. Neither the buyer nor seller is under any compulsion to buy or sell and both fully aware of all relevant facts, as of a specific date.

a Fair Market Value - Removal

The estimated amount, expressed in terms of currency, which may reasonably be expected for an item of property in an exchange between a willing buyer and seller, with equity to both. Neither the buyer nor seller is under any compulsion to buy or sell and both fully aware of all relevant facts, considering removal of the property to another location, as of a specific date.

b Fair Market Value in Continued Use

The estimated amount, expressed in terms of currency, which may reasonably be expected for a property in an exchange between a willing buyer and seller, with equity to both. Neither the buyer nor seller is under any compulsion to buy or sell and both fully aware of all relevant facts, including installation, as of a specific date and assuming that the business earnings support the value reported. This amount includes all normal direct and indirect costs, such as installation and other assemblage costs to make the property fully operational.

c Fair Market Value - Installed

The estimated amount, expressed in terms of currency, which may reasonably be expected for an installed property in an exchange between a willing buyer and seller, with equity to both. Neither buyer nor seller is under any compulsion to buy or sell and both fully aware of all relevant facts, including installation, as of a specific date. This amount includes all normal direct and indirect costs, such as installation and other assemblage costs, necessary to make the property fully operational.

Orderly Liquidation Value:

Orderly Liquidation Value is the estimated gross amount, expressed in terms of money, that could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date.

Forced Liquidation Value:

Forced Liquidation Value is the estimated gross amount, expressed in terms of money, that could typically be realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an “as is,” “where is” basis, as of a specific date.

Liquidation Value in Place:

Liquidation Value in Place is the estimated gross amount, expressed in terms of money that could typically be realized from a failed facility, assuming that the entire facility would be sold intact with a limited time to complete the sale, as of a specific date.

Salvage Value:

Orderly Liquidation Value is the estimated gross amount, expressed in terms of money, that could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date.

Scrap Value:

Scrap Value is the estimated amount, expressed in terms of money that could be realized for the property if it were sold for its material content, not for a productive use, as of a specific date.

Insurance Cost New:

Insurance Cost New is the replacement or reproduction cost new, as defined in the insurance policy, less the cost new of the items specifically excluded in the policy, as of a specific date.

Insurance Value Depreciated:

Insurable Value Depreciated is the insurance replacement or reproduction cost new less accrued depreciation considered for insurance purposes, as defined in the insurance policy or other agreements, as of a specific date.

To learn more about Appraisals & Valuations services with EquipNet, please contact your local representative:

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