Ground Lease Valuation

Fillable present-value worksheet | CPI and assumed buyout

PROPERTY / REFERENCE

EFFECTIVE DATE

01 ENTER YOUR SCENARIO

Blue fields are editable. Rates are percentages: enter 2.5 for 2.5%.

Fee-simple value of subject	USD	600000
Current land buyout principal	USD	240000
Current annual ground rent	USD / year	12000
Remaining ground lease term	whole years	50
Assumed buyout / exit year	whole years	5
Assumed annual CPI change	percent	2.5%
30-year U.S. Treasury yield	percent	5.46%
Investor rate / risk premium	fixed	**2.00%**
Additional marketability deduction	USD	0

Use a supported amount only; 0 means none modeled, not that no market effect exists.

Annual discount rate = Treasury yield + 2.00%	**7.46%**

02 CALCULATED VALUES

	Nearest whole dollar
Present value of CPI-indexed rent	**$50,913**
Present value of assumed buyout	**$189,494**
Landowner / leased-fee PV	**$240,407**
Leasehold residual cross-check	**$359,593**

INTERPRETATION

A single assumed payoff scenario, not a prediction or a full lease-option valuation.
Payments are modeled annually at year-end; the appraiser example assumes five CPI resets on payoff and four on the annual rent stream. Actual lease payment and reset dates may differ.
Buyout is not automatically triggered by a sale or refinance. Confirm rights and payoff terms.

Discount Rate: A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate.

The 2% investor premium is fixed. Treasury is entered manually and is not a live rate.
The 5.46% example Treasury yield is dated Nov. 17, 2026; verify it before use.
Open in desktop Adobe Acrobat Reader with JavaScript enabled; tab out of inputs and save.
See page 2 for projected cash flows, formulas and comparable adjustments.

Treasury source

Comparable sales and cash flows

Model-based property-rights indication | Same assumed payoff scenario

01 PROJECTED CASH FLOW SUMMARY | AUTOMATIC

Undiscounted amounts are shown for the assumed holding period.

Projected cumulative ground rent	**$63,076**
CPI-adjusted principal at buyout	**$271,538**
Total gross receipts before discounting	**$334,614**

02 PROPERTY-RIGHTS ADJUSTMENT INDICATION | AUTOMATIC

Amounts below are added to the comparable sale price. Select the matching direction.

Fee-simple comparable to leasehold subject	**-$240,407**
Leasehold comparable to fee-simple subject	**+$240,407**

Model gap = landowner PV + additional marketability deduction. Use only on a matched basis.

This is a mechanical cross-check, not a market-derived appraisal adjustment.

03 METHOD

Applied CPI g = max(entered annual CPI, 0%). Discount rate r = Treasury yield + 2%.
Rent in year t = current annual rent x (1 + g)^(t - 1), paid at the end of year t.
Buyout at year H = current principal x (1 + g)^H; PV buyout = buyout / (1 + r)^H.
PV rent = sum of [year-t rent / (1 + r)^t], for years 1 through H.
Landowner PV = PV rent + PV buyout. Leasehold residual = fee-simple value - landowner PV - any separately supported additional marketability deduction. Results rounded only for display.

04 APPRAISER REVIEW & LIMITATIONS

The assumed year and payoff are one scenario. Sale or refinancing may not require a buyout.
Confirm the adjusted principal, legal rights, actual reset dates and payoff conditions.
Constant CPI does not model exact high-water index history or timing of annual resets.
Annual year-end rent differs from monthly-in-advance and partial-year cash flows.
Fees, arrears, expenses, transfer terms and sale waterfalls are not explicitly modeled.
A payoff at term is not the same as full-term reversion; review the home rights.
The 2% premium is fixed; discount rates and the risk premium require market support.
Zero marketability means none modeled, not that the market effect is zero.
Evaluate land over-allocation with evidence; do not double count rent already in PV.
Market evidence may support a different adjustment; compare rights, property and date.
A negative residual is possible. Do not treat this as a stand-alone appraisal.

EXAMPLE BASIS

Starting values reflect the appraiser example: $600,000 fee-simple value, $240,000 principal, $12,000 annual rent, 2.5% CPI, five years and a 7.46% discount rate.

For shareable, functioning calculations: use desktop Adobe Acrobat Reader with JavaScript enabled.
Hover over or click ? beside an input for a short description.

CAPITALIZATION-RATE ESTIMATION TECHNIQUES | REFERENCE ONLY

1. Extraction from ground lease sales
2. Built-up method
3. Band of investment
4. Market surveys