
Executive Development Program in Real Estate Portfolio Management

Legal and Regulatory Considerations in Real Estate

Acceleration Clause refers to a provision in a loan or mortgage agreement that requires the borrower to pay off the entire debt immediately if they fail to make payments or violate other terms of the agreement. This clause is often included in commercial real estate loans and can have significant consequences for borrowers who default. Related terms include default and foreclosure. In the context of real estate portfolio management, understanding acceleration clauses is crucial for managing risk and ensuring that investments are profitable.

Accounting Equation is a fundamental concept in accounting that states that a company's assets equal its liabilities plus its equity. This equation is essential for real estate investors and managers to understand, as it provides a framework for analyzing financial statements and making informed decisions. Related terms include balance sheet and financial statement. For example, a real estate investment trust (REIT) might use the accounting equation to evaluate its financial position and make decisions about investments and dividends.

Accretion refers to the process of increasing the value of a property or investment over time. This can occur through various means, such as appreciation, improvements, or increased cash flow. Accretion is an important concept in real estate portfolio management, as it can help investors achieve their goals and increase their returns. Related terms include appreciation and capital gain. For instance, a real estate investor might experience accretion in the value of their property due to renovations and improvements.

Acquisition refers to the process of obtaining or purchasing a property or investment. This can involve various steps, including due diligence, negotiation, and closing. Acquisition is a critical aspect of real estate portfolio management, as it requires careful evaluation and analysis to ensure that investments are sound and profitable. Related terms include due diligence and investment analysis. For example, a real estate investment company might engage in acquisition activities to expand its portfolio and increase its assets.

Active Management refers to an investment approach that involves actively buying and selling securities or properties to achieve specific goals or returns. This approach requires ongoing monitoring and analysis of market conditions and investment performance. Active management is often used in real estate portfolio management to maximize returns and minimize risk. Related terms include passive management and investment strategy. For instance, a real estate fund might use active management to adjust its portfolio in response to changes in the market.

Ad Valorem Tax refers to a type of property tax that is based on the value of the property. This tax is often used to fund local government services and infrastructure. Ad valorem taxes can have a significant impact on real estate investments, as they can affect cash flow and profitability. Related terms include property tax and tax assessment. For example, a real estate investor might need to consider ad valorem taxes when evaluating the potential returns on a property.

Adjustable Rate refers to a type of interest rate that can change over time. This type of rate is often used in mortgages and other loans, and can be tied to market indices or other benchmarks. Adjustable rates can be beneficial for borrowers who expect interest rates to fall, but can also increase the risk of default if rates rise. Related terms include fixed rate and interest rate risk. For instance, a real estate investor might choose an adjustable rate mortgage to take advantage of lower interest rates.

Adverse Possession refers to the process of obtaining title to a property through possession and use over a period of time. This concept is often used in real estate law to resolve disputes over property ownership. Adverse possession can be a complex and contentious issue, and requires careful analysis and documentation to establish a valid claim. Related terms include property rights and title. For example, a real estate developer might need to navigate issues of adverse possession when acquiring a new property.

Affidavit is a written statement that is sworn to be true and is often used in real estate transactions to verify facts or establish ownership. Affidavits can be used in a variety of contexts, including property sales, leases, and financing transactions. Related terms include deed and title. For instance, a real estate investor might need to provide an affidavit to verify their identity or ownership of a property.

Agency refers to the relationship between a principal and an agent, where the agent acts on behalf of the principal to accomplish a specific goal or task. In real estate, agency relationships are common between property owners and brokers or managers. Agency can be an important concept in real estate portfolio management, as it requires careful consideration of fiduciary duties and responsibilities. Related terms include fiduciary duty and principal. For example, a real estate investment company might engage an agent to manage its properties and negotiate leases.

Amortization refers to the process of gradually paying off a debt or loan through regular payments. Amortization is often used in real estate finance to structure loans and mortgages, and can help borrowers manage their cash flow and debt obligations. Related terms include debt service and loan repayment. For instance, a real estate investor might use amortization to pay off a mortgage over a period of 20 or 30 years.

Annual Percentage Rate (APR) refers to the rate of interest charged on a loan or credit product over a year, including fees and compounding. APR is an important concept in real estate finance, as it helps borrowers understand the true cost of credit and make informed decisions. Related terms include interest rate and finance charge. For example, a real estate investor might compare the APRs of different loan products to choose the most favorable terms.

Appraisal refers to the process of estimating the value of a property or investment. Appraisal is often used in real estate transactions to determine the value of a property for sale, financing, or tax purposes. Appraisals can be performed using various methods, including the income approach, sales comparison approach, and cost approach. Related terms include valuation and appraiser. For instance, a real estate investor might hire an appraiser to determine the value of a property before making an offer.

Appreciation refers to the increase in value of a property or investment over time. Appreciation can occur due to various factors, including market trends, improvements, and increased demand. Appreciation is an

important concept in real estate portfolio management, as it can help investors achieve their goals and increase their returns. Related terms include capital gain and value. For example, a real estate investor might experience appreciation in the value of their property due to renovations and improvements.

Arbitration refers to the process of resolving disputes or conflicts through a neutral third-party arbitrator. Arbitration is often used in real estate transactions to resolve disputes over contracts, leases, or property ownership. Arbitration can be a faster and more cost-effective alternative to litigation, but requires careful consideration of the arbitration agreement and process. Related terms include dispute resolution and mediation. For instance, a real estate developer might engage in arbitration to resolve a dispute with a contractor or supplier.

Assessment refers to the process of evaluating or estimating the value or quality of a property or investment. Assessment is often used in real estate transactions to determine the value of a property for tax, financing, or insurance purposes. Assessments can be performed using various methods, including on-site inspections and review of financial statements. Related terms include valuation and appraisal. For example, a real estate investor might hire an assessor to evaluate the condition and value of a property before making an offer.

Assignment refers to the transfer of rights or interests in a property or investment from one party to another. Assignment is often used in real estate transactions to transfer leases, contracts, or ownership interests. Assignment requires careful consideration of the terms and conditions of the assignment agreement, as well as any applicable laws or regulations. Related terms include transfer and conveyance. For instance, a real estate investor might assign a lease to a new tenant or buyer.

Attorney-In-Fact is a person who is authorized to act on behalf of another person or entity, often through a power of attorney agreement. Attorney-in-fact is an important concept in real estate law, as it requires careful consideration of fiduciary duties and responsibilities. Related terms include power of attorney and fiduciary duty. For example, a real estate investor might appoint an attorney-in-fact to manage their properties and make decisions on their behalf.

Auction refers to the process of selling a property or investment through a public sale, often to the highest bidder. Auctions are commonly used in real estate transactions to sell distressed or foreclosed properties, and can be an effective way to quickly sell a property and recover value. Related terms include sale and bid. For instance, a real estate investor might purchase a property at an auction to acquire it at a discounted price.

Balance Sheet is a financial statement that provides a snapshot of a company's financial position at a particular point in time. Balance sheets are often used in real estate finance to evaluate the financial health and stability of a company or investment. Related terms include income statement and cash flow statement. For example, a real estate investment company might review its balance sheet to evaluate its assets, liabilities, and equity.

Bankruptcy refers to the process of seeking protection from creditors through a court-supervised proceeding. Bankruptcy is often used in real estate transactions to restructure debt or liquidate assets, and

can have significant consequences for borrowers and creditors. Related terms include insolvency and creditor. For instance, a real estate developer might file for bankruptcy to restructure its debt and avoid foreclosure.

Basis refers to the original cost or value of a property or investment, often used for tax or accounting purposes. Basis is an important concept in real estate finance, as it can affect the calculation of capital gains or losses, as well as depreciation and amortization. Related terms include cost basis and adjusted basis. For example, a real estate investor might use the basis of a property to calculate its depreciation and reduce taxable income.

Breach of Contract refers to the failure of one or more parties to perform their obligations under a contract. Breach of contract is an important concept in real estate law, as it can have significant consequences for parties to a contract, including damages, termination, or specific performance. Related terms include contract and obligation. For instance, a real estate developer might be sued for breach of contract if it fails to complete a project on time or according to specifications.

Broker refers to a person or company that acts as an intermediary between buyers and sellers in a real estate transaction. Brokers are often used in real estate transactions to facilitate the sale or purchase of properties, and can provide valuable guidance and advice to clients. Related terms include agent and intermediary. For example, a real estate investor might hire a broker to find and acquire a new property.

Building Code refers to a set of regulations that govern the design, construction, and maintenance of buildings and other structures. Building codes are often used in real estate development to ensure that properties are safe, accessible, and compliant with local regulations. Related terms include zoning and land use. For instance, a real estate developer might need to comply with building codes when constructing a new building or renovating an existing one.

Business Plan refers to a document that outlines the goals, strategies, and tactics of a business or investment. Business plans are often used in real estate development to guide decision-making and ensure that investments are sound and profitable. Related terms include strategic plan and investment strategy. For example, a real estate investment company might develop a business plan to guide its acquisition and management of properties.

Buy-Sell Agreement refers to a contract that outlines the terms and conditions of a sale or purchase of a property or investment. Buy-sell agreements are often used in real estate transactions to facilitate the transfer of ownership and ensure that parties are aware of their rights and obligations. Related terms include purchase agreement and sale contract. For instance, a real estate investor might negotiate a buy-sell agreement to acquire a new property or sell an existing one.

Capital Gain refers to the profit earned from the sale of a property or investment. Capital gains are often subject to taxation, and can be an important consideration in real estate portfolio management. Related terms include capital loss and taxation. For example, a real estate investor might realize a capital gain from the sale of a property and need to consider the tax implications.

Capital Improvement refers to a renovation or upgrade to a property that increases its value or usefulness. Capital improvements are often used in real estate development to enhance the quality and attractiveness of properties, and can be eligible for tax deductions or depreciation. Related terms include renovation and upgrade. For instance, a real estate investor might undertake capital improvements to a property to increase its rental income and value.

Capitalization Rate refers to the ratio of net operating income to the value of a property. Capitalization rates are often used in real estate finance to evaluate the potential return on investment and determine the value of a property. Related terms include net operating income and value. For example, a real estate investor might use the capitalization rate to determine the value of a property and evaluate its potential for investment.

Cash Flow refers to the inflow and outflow of cash and cash equivalents over a period of time. Cash flow is an important concept in real estate finance, as it can affect the ability of a business or investment to meet its financial obligations and achieve its goals. Related terms include income and expenses. For instance, a real estate investor might evaluate the cash flow of a property to determine its potential for investment and ability to generate returns.

Certificate of Occupancy refers to a document that certifies that a property or building is safe and compliant with local regulations and codes. Certificates of occupancy are often required for new construction or renovations, and can be an important consideration in real estate development. Related terms include building code and zoning. For example, a real estate developer might need to obtain a certificate of occupancy before renting or selling a new property.

Closing refers to the process of completing a real estate transaction, often involving the transfer of ownership and payment of funds. Closing is an important concept in real estate law, as it requires careful consideration of the terms and conditions of the transaction, as well as any applicable laws or regulations. Related terms include settlement and escrow. For instance, a real estate investor might attend a closing to finalize the purchase of a new property.

Commission refers to a fee paid to a broker or agent for their services in facilitating a real estate transaction. Commissions are often a percentage of the sale price or rental income, and can be an important consideration in real estate portfolio management. Related terms include brokerage fee and agent fee. For example, a real estate investor might negotiate a commission with a broker to acquire a new property.

Condemnation refers to the process of taking private property for public use, often through eminent domain. Condemnation is an important concept in real estate law, as it can have significant consequences for property owners and require careful consideration of their rights and obligations. Related terms include eminent domain and public use. For instance, a real estate developer might be involved in a condemnation proceeding to acquire land for a new project.

Condominium refers to a type of ownership where multiple units are owned by individual owners, often with shared common areas and amenities. Condominiums are a popular form of ownership in real estate, and can offer benefits such as affordability and community living. Related terms include townhouse and

cooperative. For example, a real estate investor might purchase a condominium unit as a rental property or personal residence.

Construction Loan refers to a type of loan that is used to finance the construction or renovation of a property. Construction loans are often short-term and have variable interest rates, and can be an important consideration in real estate development. Related terms include development loan and financing. For instance, a real estate developer might secure a construction loan to build a new property or renovate an existing one.

Contract refers to a legally binding agreement between two or more parties, often outlining the terms and conditions of a real estate transaction. Contracts are an essential concept in real estate law, as they can have significant consequences for parties to a contract, including damages, termination, or specific performance. Related terms include agreement and obligation. For example, a real estate investor might negotiate a contract to purchase a new property or sell an existing one.

Conveyance refers to the transfer of ownership or interest in a property from one party to another. Conveyance is an important concept in real estate law, as it requires careful consideration of the terms and conditions of the transfer, as well as any applicable laws or regulations. For instance, a real estate investor might convey ownership of a property to a new buyer or owner.

Cooperative refers to a type of ownership where multiple owners share ownership and control of a property, often through a cooperative corporation or association. Cooperatives are a unique form of ownership in real estate, and can offer benefits such as affordability and community living. Related terms include condominium and townhouse. For example, a real estate investor might purchase a cooperative unit as a rental property or personal residence.

Corporate Governance refers to the system of rules, practices, and processes by which a company is directed and controlled. Corporate governance is an important concept in real estate finance, as it can affect the ability of a company to make decisions and achieve its goals. Related terms include board of directors and management. For instance, a real estate investment company might establish a corporate governance framework to guide its decision-making and operations.

Credit Report refers to a document that provides information about an individual's or company's credit history and creditworthiness. Credit reports are often used in real estate finance to evaluate the creditworthiness of borrowers and determine the terms and conditions of a loan. Related terms include credit score and creditworthiness. For example, a real estate investor might review a credit report to evaluate the creditworthiness of a potential borrower or tenant.

Debt Service refers to the payments made on a loan or debt, often including interest and principal. Debt service is an important concept in real estate finance, as it can affect the ability of a business or investment to meet its financial obligations and achieve its goals. Related terms include loan repayment and interest payment. For instance, a real estate investor might evaluate the debt service of a property to determine its potential for investment and ability to generate returns.

Default refers to the failure of a borrower to make payments or meet their obligations under a loan or contract. Default is an important concept in real estate law, as it can have significant consequences for borrowers and lenders, including foreclosure, repossession, or damages. Related terms include foreclosure and repossession. For example, a real estate investor might be at risk of default if they fail to make payments on a loan or mortgage.

Depreciation refers to the decline in value of a property or asset over time, often due to wear and tear, obsolescence, or other factors. Depreciation is an important concept in real estate finance, as it can affect the calculation of taxable income and the value of a property. Related terms include amortization and obsolescence. For instance, a real estate investor might depreciate the value of a property over time to reduce taxable income.

Development refers to the process of creating or improving a property or investment, often through construction, renovation, or other means. Development is an important concept in real estate, as it can increase the value and attractiveness of properties, and provide opportunities for investment and growth. Related terms include construction and renovation. For example, a real estate developer might engage in development activities to create a new property or improve an existing one.

Disclosure refers to the process of providing information or documentation to another party, often in a real estate transaction. Disclosure is an important concept in real estate law, as it requires careful consideration of the terms and conditions of the transaction, as well as any applicable laws or regulations. Related terms include transparency and compliance. For instance, a real estate investor might be required to disclose information about a property's condition or history to a potential buyer.

Dispute Resolution refers to the process of resolving conflicts or disputes between parties, often through negotiation, mediation, or arbitration. Dispute resolution is an important concept in real estate law, as it can help to avoid costly and time-consuming litigation, and provide a fair and efficient resolution to disputes. Related terms include mediation and arbitration. For example, a real estate developer might engage in dispute resolution to resolve a conflict with a contractor or supplier.

Due Diligence refers to the process of investigating and evaluating a property or investment, often to determine its value, potential, or risks. Due diligence is an important concept in real estate finance, as it requires careful consideration of the terms and conditions of the investment, as well as any applicable laws or regulations. Related terms include investigation and evaluation. For instance, a real estate investor might conduct due diligence on a property to evaluate its potential for investment and risks.

Easement refers to a right or interest in a property that is granted to another party, often for a specific purpose or use. Easements are an important concept in real estate law, as they can affect the use and value of a property, and require careful consideration of the terms and conditions of the easement. Related terms include right-of-way and license. For example, a real estate developer might grant an easement to a utility company to install power lines or other infrastructure.

Eminent Domain refers to the power of the government to take private property for public use, often through condemnation. Eminent domain is an important concept in real estate law, as it can have significant

consequences for property owners and require careful consideration of their rights and obligations. Related terms include condemnation and public use. For instance, a real estate developer might be involved in an eminent domain proceeding to acquire land for a new project.

Encroachment refers to the intrusion or trespass of a property or boundary, often by a neighboring property owner or other party. Encroachment is an important concept in real estate law, as it can affect the use and value of a property, and require careful consideration of the terms and conditions of the encroachment. Related terms include trespass and boundary dispute. For example, a real estate investor might be involved in an encroachment dispute with a neighboring property owner.

Environmental Impact refers to the effect of a property or investment on the environment, often including factors such as pollution, conservation, or sustainability. Environmental impact is an important concept in real estate development, as it can affect the value and attractiveness of properties, and provide opportunities for investment and growth. Related terms include sustainability and conservation. For instance, a real estate developer might consider the environmental impact of a new project to minimize its effects and maximize its benefits.

Equity refers to the value of a property or investment that is owned by an individual or company, often calculated as the difference between the property's value and any outstanding debts or liabilities. Equity is an important concept in real estate finance, as it can affect the ability of a business or investment to meet its financial obligations and achieve its goals. Related terms include ownership and value. For example, a real estate investor might evaluate the equity of a property to determine its potential for investment and ability to generate returns.

Escrow refers to the process of holding funds or assets in a separate account, often to facilitate a real estate transaction or ensure compliance with laws or regulations. Escrow is an important concept in real estate law, as it requires careful consideration of the terms and conditions of the escrow agreement, as well as any applicable laws or regulations. Related terms include trust and account. For instance, a real estate investor might use an escrow account to hold funds for a real estate transaction or ensure compliance with laws or regulations.

Eviction refers to the process of removing a tenant or occupant from a property, often due to non-payment of rent, breach of lease, or other reasons. Eviction is an important concept in real estate law, as it can have significant consequences for tenants and landlords, and require careful consideration of the terms and conditions of the eviction. Related terms include lease and rental agreement. For example, a real estate investor might be involved in an eviction proceeding to remove a non-paying tenant from a property.

Fair Market Value refers to the price that a property or investment would sell for in a competitive market, often used to determine the value of a property for tax, financing, or other purposes. Fair market value is an important concept in real estate finance, as it can affect the calculation of taxable income and the value of a property. Related terms include appraisal and valuation. For instance, a real estate investor might use fair market value to determine the value of a property and evaluate its potential for investment.

Fiduciary Duty refers to the obligation of a person or company to act in the best interests of another party,

often in a real estate transaction or investment. Fiduciary duty is an important concept in real estate law, as it requires careful consideration of the terms and conditions of the fiduciary relationship, as well as any applicable laws or regulations. Related terms include agency and trust. For example, a real estate broker might owe a fiduciary duty to their client to act in their best interests.

Financing refers to the process of obtaining or providing funds for a real estate transaction or investment, often through loans, mortgages, or other financial instruments. Financing is an important concept in real estate finance, as it can affect the ability of a business or investment to meet its financial obligations and achieve its goals. Related terms include loan and mortgage. For instance, a real estate investor might secure financing to purchase a new property or renovate an existing one.

Foreclosure refers to the process of taking possession of a property due to non-payment of a mortgage or other debt, often resulting in the sale of the property to satisfy the debt. Foreclosure is an important concept in real estate law, as it can have significant consequences for borrowers and lenders, and require careful consideration of the terms and conditions of the foreclosure. Related terms include default and repossession. For example, a real estate investor might be at risk of foreclosure if they fail to make payments on a mortgage or loan.

Grant refers to the transfer of ownership or interest in a property from one party to another, often through a deed or other instrument. Grant is an important concept in real estate law, as it requires careful consideration of the terms and conditions of the transfer, as well as any applicable laws or regulations. Related terms include deed and conveyance. For instance, a real estate investor might grant ownership of a property to a new buyer or owner.

Gross Income refers to the total income earned by a property or investment, often before deducting expenses or taxes. Gross income is an important concept in real estate finance, as it can affect the calculation of taxable income and the value of a property. Related terms include net income and cash flow. For example, a real estate investor might evaluate the gross income of a property to determine its potential for investment and ability to generate returns.

Guaranty refers to a promise or agreement to pay or perform an obligation, often used in real estate transactions to secure a loan or other debt. Guaranty is an important concept in real estate law, as it requires careful consideration of the terms and conditions of the guaranty, as well as any applicable laws or regulations. Related terms include surety and indemnity. For instance, a real estate investor might provide a guaranty to secure a loan or other debt.

Hazard Insurance refers to a type of insurance that protects against damage or loss to a property due to natural disasters, accidents, or other hazards. Hazard insurance is an important concept in real estate finance, as it can affect the risk and potential return on investment of a property. Related terms include liability insurance and property insurance. For example, a real estate investor might purchase hazard insurance to protect against damage or loss to a property.

Homeowners Association (HOA) refers to an organization that manages and maintains a community or development, often with authority to enforce rules and regulations. Homeowners associations are an

important concept in real estate, as they can affect the quality and value of properties, and provide opportunities for investment and growth. Related terms include community and development. For instance, a real estate investor might purchase a property in a community with an HOA to take advantage of its amenities and services.

Income Property refers to a type of property that is used to generate income, often through rental or other means. Income properties are an important concept in real estate finance, as they can provide a steady stream of income and potential for long-term appreciation. Related terms include rental property and investment property. For example, a real estate investor might purchase an income property to generate rental income and potential for appreciation.

Inspection refers to the process of examining or evaluating a property or investment, often to determine its condition, value, or potential. Inspection is an important concept in real estate finance, as it requires careful consideration of the terms and conditions of the inspection, as well as any applicable laws or regulations. Related terms include appraisal and evaluation. For instance, a real estate investor might conduct an inspection of a property to evaluate its condition and potential for investment.

Interest Rate refers to the rate at which interest is paid on a loan or debt, often expressed as a percentage of the principal amount. Interest rates are an important concept in real estate finance, as they can affect the cost and potential return on investment of a property. For example, a real estate investor might evaluate the interest rate on a loan to determine its potential for investment and ability to generate returns.

Investment Property refers to a type of property that is purchased or held for the purpose of generating income or appreciation, often through rental, resale, or other means. Investment properties are an important concept in real estate finance, as they can provide a steady stream of income and potential for long-term appreciation. Related terms include income property and rental property. For instance, a real estate investor might purchase an investment property to generate rental income and potential for appreciation.

Joint Venture refers to a partnership or collaboration between two or more parties, often to achieve a common goal or objective. Joint ventures are an important concept in real estate development, as they can provide opportunities for investment and growth, and allow parties to share risks and rewards. Related terms include partnership and collaboration. For example, a real estate developer might engage in a joint venture to develop a new property or project.

Lease refers to a contract or agreement that grants the use of a property or asset to another party, often for a specified period of time and subject to certain terms and conditions. Leases are an important concept in real estate law, as they can affect the use and value of a property, and require careful consideration of the terms and conditions of the lease. Related terms include rental agreement and tenancy. For instance, a real estate investor might enter into a lease with a tenant to generate rental income.

Lender refers to a person or company that provides financing or credit to another party, often in exchange for interest or other compensation. Lenders are an important concept in real estate finance, as they can provide opportunities for investment and growth, and allow parties to access capital and credit. Related

terms include loan and creditor. For example, a real estate investor might secure financing from a lender to purchase a new property or renovate an existing one.

Liability refers to a debt or obligation that is owed by a person or company, often arising from a contract, tort, or other source. Liability is an important concept in real estate law, as it can affect the use and value of a property, and require careful consideration of the terms and conditions of the liability. Related terms include debt and obligation. For instance, a real estate investor might be liable for damages or losses arising from a property or investment.

Lien refers to a claim or interest in a property that is held by a creditor or other party, often to secure a debt or obligation. Liens are an important concept in real estate law, as they can affect the use and value of a property, and require careful consideration of the terms and conditions of the lien. Related terms include mortgage and security interest. For example, a real estate investor might grant a lien to a lender to secure a loan or other debt.

Loan refers to a type of financing or credit that is provided by a lender to a borrower, often in exchange for interest or other compensation. Loans are an important concept in real estate finance, as they can provide opportunities for investment and growth, and allow parties to access capital and credit. Related terms include mortgage and financing. For instance, a real estate investor might secure a loan to purchase a new property or renovate an existing one.

Management refers to the process of overseeing and directing a property or investment, often to achieve a specific goal or objective. Management is an important concept in real estate finance, as it can affect the use and value of a property, and require careful consideration of the terms and conditions of the management agreement. Related terms include property management and asset management. For example, a real estate investor might hire a property manager to oversee and direct a rental property.

Market Value refers to the price that a property or investment would sell for in a competitive market, often used to determine the value of a property for tax, financing, or other purposes. Market value is an important concept in real estate finance, as it can affect the calculation of taxable income and the value of a property. For instance, a real estate investor might use market value to determine the value of a property and evaluate its potential for investment.