GEORGIA REAL ESTATE EXAM GLOSSARY

Gross rent multiplier

Gross rent multiplier, or GRM, is the relationship between a property's sale price or value and its gross periodic rent.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Valuation and Market Analysis	Income valuation	Define, distinguish, apply, retrieve

SOURCE STANDARD

Official exam outline plus authoritative Georgia or federal references where the topic has a controlling rule. Independent educational resource, not affiliated with GREC or PSI.

01 / COMPLETE LESSON

Build the complete exam definition

Learn the rule, separate it from the nearest distractor, then apply it to a Georgia fact pattern.

CORE DEFINITION

What does Gross rent multiplier mean?

Gross rent multiplier, or GRM, is the relationship between a property's sale price or value and its gross periodic rent. Value equals gross rent multiplied by the market-derived GRM.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

GRM uses gross rent and no operating expenses. Capitalization uses net operating income and a cap rate.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

The exam must keep the periods consistent. A monthly GRM pairs with monthly rent, while an annual multiplier pairs with annual rent.

WORKED EXAMPLE

Comparable sales support a monthly GRM of 120, and the subject rents for $2,500 per month. Indicated value is $300,000.

EXAM TRAP

Mixing annual rent with a monthly multiplier produces an answer twelve times too large.

Memory cue: Mixing annual rent with a monthly multiplier produces an answer twelve times too large.

02 / PRACTICE AND MASTERY

Retrieve the rule under exam conditions

Answer before reading the explanation. Then explain why every distractor belongs to a different term.

ORIGINAL PRACTICE CHECK

Which statement correctly explains Gross rent multiplier?

- **A** Gross rent multiplier, or GRM, is the relationship between a property's sale price or value and its gross periodic rent.
- **B** Capitalization rate, or cap rate, is the annual net operating income divided by the property's value or price.
- **C** Net operating income, or NOI, is annual effective gross income minus operating expenses, before debt service, income taxes, depreciation expense, and owner-specific financing costs.
- **D** Effective gross income, or EGI, is potential gross income minus vacancy and collection loss, plus other property income.

CORRECT ANSWER: A

Gross rent multiplier is correct. Gross rent multiplier, or GRM, is the relationship between a property's sale price or value and its gross periodic rent. Value equals gross rent multiplied by the market-derived GRM. GRM uses gross rent and no operating expenses. Capitalization uses net operating income and a cap rate. The exam must keep the periods consistent. A monthly GRM pairs with monthly rent, while an annual multiplier pairs with annual rent.

MASTERY TRACKER

Mark each box only when you can perform the skill without looking.

- [ ] I can define the term in one precise sentence.
- [ ] I can separate it from the closest look-alike.
- [ ] I can explain the Georgia rule or confirm that the national rule applies.
- [ ] I can answer the practice check and explain every option.

03 / CONNECTIONS AND AUTHORITY

Connect the term to the wider exam

Use these relationships to move from isolated recall to a connected exam model.

RELATED TERM

Capitalization rate

Capitalization rate, or cap rate, is the annual net operating income divided by the property's value or price.

https://www.passgeorgiarealestate.com/glossary/capitalisation-rate

RELATED TERM

Net operating income

Net operating income, or NOI, is annual effective gross income minus operating expenses, before debt service, income taxes, depreciation expense, and owner-specific financing costs.

https://www.passgeorgiarealestate.com/glossary/net-operating-income

RELATED TERM

Effective gross income

Effective gross income, or EGI, is potential gross income minus vacancy and collection loss, plus other property income.

https://www.passgeorgiarealestate.com/glossary/effective-gross-income

RELATED TERM

Appraisal

An appraisal is an independent, supportable opinion of value developed by a qualified appraiser for a stated property interest, effective date, intended use, and set of assignment conditions.

https://www.passgeorgiarealestate.com/glossary/appraisal

RECOMMENDED NEXT COMPLETE LESSON

Valuation and Market Analysis complete lesson

https://www.passgeorgiarealestate.com/math/gross-rent-multiplier

EXAM SOURCES AND AUTHORITY NOTES

1. PSI Georgia Candidate Information Bulletin, 7/1/2026

Official exam administration and content-outline source.

https://test-takers.psiexams.com/api/content/bulletin/4672

2. The Appraisal Foundation, Appraisal Standards and Qualifications

Congressionally authorized source for USPAP and appraisal standards.

https://appraisalfoundation.org/imis/TAF/Standards/Appraisal_Standards/TAF/Standards/Appraisal_Standards.aspx