

Real Property Valuation (REAL 5080)

Fall 2009

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Office Hours:
10:00 - 11:00 am Mon.
9:30 - 10:30 am Thurs.
and by appointment (*Mon – Thurs*)

Course Description

REAL 5080: Principles of Valuation – A study of the valuation of real property rights. This course provides an in-depth look at conventional valuation techniques, in addition to modern valuation methods based on statistical inference and industry-based computer software. You should also gain a broad understanding of the role of real estate valuation within the real estate field.

Course Objective

The goal of this course is to provide you with the ability to understand and critically analyze real estate problems with respect to valuation issues. This course will provide you with a firm understanding of the appraisal process including, but not limited to, an understanding of the three basic approaches to valuing a property (sales comparison, cost, and income) and the methods of reporting results. After completing this course, you should be able to take your knowledge and apply it to problems that you will face in the business world, whether in the field of appraisal or elsewhere. The foundation received in this course, along with the knowledge gained in your other real estate (and related) courses, will enable you and your future employer to build a successful career.

Course Prerequisites and Corequisites

You need to have successfully completed the real estate principles course (REAL4000) and *retained* the major principles. In addition, you will need a working knowledge of Microsoft Excel.¹

Topical Outline

- I. Introduction to Real Estate Valuation
- II. Property Analysis
- III. Estimating Value
 - A. The Market Approach
 - B. The Cost Approach
 - C. The Income Approach
- IV. Reconciling & Reporting Value Estimates

Course Materials

Primary Text: *Real Estate Valuation Principles and Applications*, Ken M. Lusht, **First Edition**.²

Financial Calculators: **Students are required to have a financial calculator**.³

Web Page: The web address will be www.terry.uga.edu/~hmunneke/real5080/. The user ID is _____ and the password is _____ (both should be typed using lower case letters)

Course Requirements

	<i>Tentative</i> dates	Weighting Scheme I	Weighting Scheme II
Participation (Homework, Quizzes, etc.)		5.00%	5.00%
Exam I	Sept. 22	20.00%	25.00%
Exam II (comprehensive)	Oct. 27	20.00%	25.00%
Final Exam (comprehensive)	Dec. 15, 12:00 - 3:00 pm	42.50%	32.50%
Appraisal Project	TBA	12.50%	12.50%

¹ If you do not currently have this knowledge, a tutorial is provided by the University free of charge through *Element K*. You can access *Element K* by logging onto *MYUGA* (my.uga.edu) and selecting the *Element K* link near the top middle of the page. Once in *Element K*, select *Catalog – Office Productivity – Spreadsheets* then scroll down to Microsoft® Office Excel 2003: Level 1 to begin the tutorial. Complete *at least* level one!

² Additional readings may be required on certain topics during the semester. These readings will be available in class or placed in the reserve section of the library.

³ Your financial calculator must be able to deal with uneven cash flows and be able to compute the Internal Rates of Return (IRR) and Net Present Value (NPV) of an investment. I will use a TI BAII Plus for classroom examples. If you have a calculator that enables you to store characters, you will be asked to (or I will) clear the calculator's memory before each exam. If you do not own a financial calculator, the TI BAII Plus is relatively inexpensive, easy to use, will be used in class examples, and will make the calculations required in this class less tedious.

Grading System - The grading for this course is based on a curve. All of the students are ranked according to their scores and grades are assigned. The course grade will be based on the maximum score resulting from the two weighting schemes described above. I will give you an indication of your class standing after each of the major course requirements. Your goal is to rank higher than the other students in the class; there is nothing magical about a 90%, 80%, 70%, 60% breakdown.

Exam Policy - If you are unable to take an exam at the scheduled time for any reason, you must discuss it with me *before* the scheduled exam. Make up exams will not be given. If I approve your absence before missing the exam, your rank on the final will be used as your rank on the exam. If you miss an exam without prior approval, your score on the exam will be zero. Note that the total weight of your final cannot exceed 62.50 percent of the course grade. You will be allowed to use a **(ONE)** financial calculator on your exams, but you will not be allowed to use a PDA, phone, or computer (etc.) on the exams.

Class Participation - The credit for participation will come from various sources, which includes in-class participation, attendance, outlines (*see bolded text below*) and homework. As with any class, attendance is important for understanding the material and should be considered mandatory. Please try not to be tardy for class; it is very disruptive and you may miss important announcements and/or handouts that will be used in the lecture. If you miss class, it is your responsibility to get the notes from another student and if you have questions, stop by and see me. *Surfing the web, reading or answering e-mail, etc. during class is distracting to me and those around you. While in class, you are expected to engage in class related activities.*

Periodically throughout the semester, short homework assignments will be given. These homework assignments are meant to prepare you for future class discussions and/or test you on information we have already covered. Note that not all homework will be for credit. If the homework is graded, it will assigned a grade of full, half, or no credit, with no credit given for late homework assignments. Homework assignments are due at the beginning of the class period, usually (*but not always*) one-week after you receive the assignment. Assignments may be handed in before the due date to my mailbox in 206 Brooks Hall if you are unable to attend class.

The course web page is a resource to provide you with additional information and materials related to the course. Class handouts and outlines will be posted to the internet on a weekly basis. The outlines are vital to your success in the course. **Because of the importance of these outlines, each outline will have a sign-up sheet that must be turned in at the beginning of Tuesday's class. This task will count toward your participation grade.** The file for each week's class should be available Monday by 3:00 pm. If you miss a class and need the handouts, you should go to the web page.

Appraisal Project - The appraisal project will span the entire semester. Several short assignments with respect to cash flows from a real estate investment will be assigned during the semester. These assignments should provide you with the basic knowledge to complete the major portion of the project that will be assigned near the end of the semester. If the appraisal project is late, it will be accepted but the maximum attainable score will decrease by 20% for each day it is late. No credit will be given if the project has already been handed back.

Special Needs - Any student who needs an accommodation for any sort of disability should consult with me so that arrangements can be made.

Policy on Intellectual Property - Course materials prepared by the instructor, together with the content of all lectures and review sessions presented by the instructor are the property of the instructor. Video and audio recording of lectures and review sessions without the consent of the instructor is prohibited. Failure to abide may results in a failing grade.

Academic Honesty - *As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty" found at: www.uga.edu/honesty. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.* In all aspects of the class, you are expected to do your own work. All incidences of suspected deviation from academic honesty would be dealt with through appropriate judicial channels.

E-mail Policy – I receive an inordinate amount of e-mail each day. To help sort the desirable mail from the junk mail, I am forced to use a junk mail filter. To help in the process, I ask that you use the course number in the subject line when you send me an e-mail. For example, use a subject line "REAL5080 – Question on class material". This is really helpful when I am sifting through the junk mail folder, where your e-mail will more than likely end up. Also, please do not expect instant replies to e-mails. I try to check my e-mail each day and will do my best to provide you with a timely response.

The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.