

## Real Estate Analysis (REAL 7800)

Fall 2009

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

### Course Description

REAL 7800: Real Estate Analysis - This course is designed for any graduate student with an interest in real estate decision making, as well as a basis for more advanced courses. The class emphasizes a conceptual framework for decision making in the uncertain and ambiguous environment of real estate markets. Students are also exposed to lease analysis and issues related to the valuation of income producing real estate. The issues covered provide an opportunity to develop quantitative tools necessary for investment analysis in businesses

### Course Objective

The goal of this course is to provide the student with the fundamental principles, concepts, and methods of micro (individual property and transactions) level real estate analysis and valuation. Special emphasis is given to the valuation (appraisal) of commercial real estate with in-depth coverage of lease analysis and the pro-forma statement. Real estate valuation is a useful platform from which to introduce the basic financial economic concepts and tools needed to critically analyze a wide range of real estate problems.

### Course Prerequisites and Co-requisites

None - This course is a first course and does not have any listed prerequisites. It should be noted that this course is not an overview/principles course. If you desire that type of course, you should enroll in REAL7100 offered each spring semester. This course is the first course in a four course sequence. All courses should be taken to gain a full understanding of the topic.

### Topical Outline for Course

Introduction to Real Estate Economics	
Real Estate Space and Asset Markets	Chapter 1
Real Estate System	Chapter 2
Basic Financial Economic Concepts and Tools	
Cash Flow Proformas and Discount Rates	Chapter 11
Measuring Investment Performance: The concept of Returns	Chapter 9
Present Value Mathematics	Chapter 8
Basic Idea: DCF and NPV	Chapter 10
Lease and Leasing Strategy	Chapter 30
Selected Topics in Micro-level Valuation	TBD

### Course Materials

*Primary Text:* *Commercial Real Estate Analysis and Investments*, Second Edition, David Geltner & Norman G. Miller, Prentice Hall, 2007.<sup>1</sup>

*Financial Calculators:* **Students are required to have a financial calculator.**<sup>2</sup>

*Web Page:* The web address will be [www.terry.uga.edu/~hmunneke/real7800/](http://www.terry.uga.edu/~hmunneke/real7800/). The user ID is \_\_\_\_\_ and the password is \_\_\_\_\_ (both should be typed using lower case letters)

<sup>1</sup> 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.

<sup>2</sup> 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.

## Course Requirements

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- 10% **Participation**  
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. It is impossible to be an active participant in the course when you are not paying attention. Attendance alone is not considered participation.
- 75% **Exams**  
Mid-term (30%) September 15  
Final Exam (45% - comprehensive) October 6
- 15% **Project (Appraisal)**  
The project consists of several short assignments with respect to cash flows from a real estate investment. 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 course. If the appraisal 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. The final part of the project is typically due a week after the final exam.

## Course Policies

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**Grading Policy** - The grading for this course is based on a curve. All of the students are ranked according to their scores and grades are assigned. I will give you an indication of your class ranking 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%, ..., 60% breakdown.

**Participation / Attendance** - As with any class, attendance is important in understanding the material. If you miss class, it is your responsibility to get the notes from another student and learn the material you missed. Excessive absences will cause a reduction in your participation grade. If you are not in class, you cannot participate. It should also be noted that attendance alone does not imply participation.

Please do not be tardy for class, it is very disruptive and you may miss important announcements and/or handouts that will be used in the lecture. Completion of a current topic assignment (if assigned) will be included as part of your participation grade.

**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 grade point rank on the final will be used to determine your score on the missed exam. If you miss an exam without prior approval, your score on the exam will be zero. You will be allowed to use a financial calculator on your exams, but you will not be allowed to use a PDA, phone, or computer (etc.) on the exams.

**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](http://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.

**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 result in a failing grade.

**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 like "REAL7800 – 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.

Please do not expect instant replies to your e-mails. I will do my best to provide you with a timely response, but if the issue you are contacting me about is time sensitive, then please consider speaking to me in person. **Do** to privacy reasons, I do not discuss the specifics of anyone's grades via e-mail.

**Course Outlines** - Class outlines and other class materials will be posted to the internet. Class outlines will be posted on a weekly basis and made available on Monday by 3 pm. The outlines are meant to serve as an aid to following the lecture, but are not inclusive of all the material contained on the PowerPoint slides I will use in class. The web address for the course web page is [www.terry.uga.edu/~hmunneke/real7800/](http://www.terry.uga.edu/~hmunneke/real7800/). The user ID is \_\_\_\_\_ and the password is \_\_\_\_\_ (both should be typed using lower case letters)

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

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