

**UNIVERSITY OF WYOMING
COLLEGE OF BUSINESS
DEPARTMENT OF ECONOMICS AND FINANCE**

Finance 4810
Spring 2008

Real Estate Appraisal

Section 1 CB 118
MWF 2:10 - 3:00

Professor: Dr. Mark A. Sunderman

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Office Hours: MWF 1:30 - 2:00 or by Appointment

Textbooks: Kenneth Lusht, *Real Estate Valuation: Principles & Applications*, KML Publishing, 2001.

Calculator: A calculator is required. A financial calculator is not mandatory, but one is *strongly* recommended (if you are planning to purchase one, I would recommend the HP-12C).

COURSE DESCRIPTION

Finance 4810 is designed as an advanced course in real estate, as such, topics in real estate appraisal (introduced in Finance 4610) are examined in detail. A major objective of this course is to integrate recent advances in appraisal techniques within the framework of traditional appraisal methodology. In other words, you will not only be exposed to how appraisals are currently done, but also what can be done to improve the current accepted appraisal techniques. Finance 4810 will be meeting concurrently with Finance 5810. Since 5810 is a graduate course, additional work will be required for those enrolled in the graduate section. Further, credit for both Finance 4810 and 5810 cannot be earned.

PREREQUISITES

FIN 3250, advanced business student

COURSE REQUIREMENTS

1. There will be seven online quizzes (there will be a quiz covering each topic except for topic 5, where there will be two). The quizzes over topic 1 and 6 will be worth 25 points, the other five quizzes will be worth 50 points each. Quiz questions may cover specific or general topics that have been included in the text readings, classroom discussion, handouts, or outside assignments. You can access these quizzes from <http://webct.uwyo.edu> (see the information below on the WebCT web site). Each quiz can be retaken up to three times and there will be no time limit on the individual quizzes. Your grade will be the average of your attempts. When the quiz is retaken, even though most of the questions remain the same, there may be some variation. There will be a schedule when these individual quizzes are available and when they need to be completed. Feel free to use your text / notes while taking these quizzes. Again, these quizzes are individual assignments -- **team work is not permitted**.
2. There will be a "Computer Assisted Mass Appraisal" (CAMA) assignment using actual housing data. This assignment will be based on Multiple Regression Analysis (MRA). This can be completed as a group or as an individual project. More information regarding this assignment will be given in class. This project will be worth 150 points and will be due the last week of classes.
3. In addition to the above, there will be two problem sets due during the semester. Each problem set will be worth 100 points. Late assignments will not be accepted since these assignments will be gone over in class on the date due. It is suggested you make a copy of your assignment prior to turning it in. Unlike the MRA assignment, these are individual assignments.
4. During the semester there will be approximately 5 articles assigned. These articles will be discussed in class. Each of you will be required to turn in a one page summary of the article. Each article summary is worth 10 points. In most cases, these articles will be available for download off our class web site.
5. We will have NO formal final exam; however, the final quiz and the last problem set will be due during final exam week - plan your time accordingly.
6. Communication - outside of office hours, my preferable form of communication is e-mail. I will be monitoring my e-mail daily and will try to return you messages within 24 hours.
7. Final total points earned by the student will determine the grade assigned. I intend to use a 90 / 80 / 70 / 60 grading scale. Individual assignments may be curved (this will be more fully discussed in class).

Academic dishonesty, also known as "cheating," **will not be tolerated in this class**. Cases of academic dishonesty will be prosecuted in accordance with UNIREG 802 Rev. 2. Cheating in this course can result in an "F" in the course, a permanent notice of academic dishonesty in your student citizenship file, or suspension from the University. In this course, academic dishonesty includes (but is not limited to) unapproved assistance on quizzes (i.e., working together), taking or giving unapproved assistance on the problem sets, plagiarism or other use of published materials without complete citations, or fabrication of referenced information.

If you have a physical learning, or psychological disability and require accommodations, please let me know as soon as possible. You will need to register with, and provide documentation of your disability to University Disability Support Services (UDSS) in SEO, Room 330, Knight Hall. You may also reach them at 766-6189, TTY: 766-3073.

Note -- Make-up assignments will normally not be given. Late assignments will also not be accepted. Advance notice must be given to the instructor before missing an assignment. Validity of the excuse will be up to his discretion.

COURSE OUTLINE

Topic 1 -- THE APPRAISAL PROCESS AND REAL ESTATE MARKETS

- Principles of Valuation (Chapter 6 of Modern Real Estate) - Background Information
- Real Estate Appraisals and the Appraisal Process (Chapter 1)
- Price and Value in Real Estate Markets (Chapter 2)
- *On-Line Quiz 1 (worth 25 points)*

Topic 2 -- PROPERTY ANALYSIS: THE DETERMINANTS OF VALUE

- Property Analysis: Location (Chapter 3)
- Property Specific Characteristics: The Site and the Improvements (Chapter 4)
- Expected Use Analysis (Chapter 5)
- *On-Line Quiz 2 (worth 50 points)*

Topic 3 -- ESTIMATING VALUE: THE SALES COMPARISON APPROACH

- Direct Sales Comparison (Chapter 6)
- Sales Comparison With Basic Statistical Analysis (Chapter 7)
- Sales Comparison Using Regression Analysis (Chapter 8)
- *On-Line Quiz 3 (worth 50 points)*
- *MRA Assignment (worth 150 points)*

Topic 4 -- ESTIMATING VALUE: THE COST APPROACH

- The Cost Approach: An Overview (Chapter 10)
- Special Considerations When Valuing Land and Sites (Chapter 9)
- Estimating Building Costs (Chapter 11)
- Estimating Depreciation (Chapter 12)
- *On-Line Quiz 4 (worth 50 points)*
- *Problem Set 1 (worth 100 points)*

Topic 5 -- ESTIMATING VALUE: THE INCOME APPROACH

- Part 1 -- Direct Capitalization
 - Estimating A Property's Productivity: Net Operating Income (Chapter 13)
 - Estimating Value Using Directly Extracted Multipliers and Rates (Chapter 14)
 - Estimating the Overall Capitalization Rate Using a Weighted Average of First Year Returns to Debt and Equity (Chapter 15)
 - *On-Line Quiz 5 (worth 50 points)*
- Part 2 -- Discounted Cash Flow Models
 - Discounting and Present Values (Chapter 16)
 - DCF Model "Shortcuts" (Chapter 20)

- Completing the Basic DCF Model: Estimating Future Value (Chapter 17)
- Finance and Tax Explicit DCF Models (Chapter 18)
- Residual Models: Leased Fee / Leasehold and Land / Buildings (Chapter 19)
- Relationships Among Income Approach Models (Chapter 21)
- Estimating the Discount Rate (Chapter 22)
- *On-Line Quiz 6 (worth 50 points)*
- *Problem Set 2 (worth 100 points)*

Topic 6 -- RECONCILIATION AND APPRAISAL REPORTING

- Reconciling Value Estimates (Chapter 25)
- Appraisal Reporting and Professional Practice (Chapter 26)
- *On-Line Quiz 7 (worth 25 points)*

INTERNET

This semester I will be making use of e-mail and the Internet. It is important that you check your e-mail regularly for class announcements. I will keep you informed by e-mail whenever there is material added to the Class Web pages, as well as any other information that I feel may be beneficial to you (like job announcements!).

WEBCT CLASS WEB PAGE

You can access WebCT from <http://webct.uwyo.edu>. From this WebCT page, you will be able to log into "MyWebCT" and Finance 4810 - to access the main class pages, you will need an ID and password. I will give detailed instructions in class regarding how to register in WebCT. Please get used to this site! Available on this site will be: 1) the online quizzes, 2) the gradebook, 3) announcement page (where I will post announcements and material for download), and 4) a site with my class PowerPoint presentations.

DISCLAIMER

This course syllabus is the professor's best estimate of the course subject and topics to be covered; however, changes to the above items may be necessary. Students will be notified in class (and by e-mail) of changes to the syllabus.
