

**REAL PROPERTY VALUATION**  
Spring 2020

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Office Hours: By Appointment,  
Tue. 9:00 – 10:00

**Course Objective:** This course addresses the methods and techniques used to estimate the value of real property rights. We begin with discussions of value determination and the “big picture” topics of land use, land value, and urban development. We then focus on specific valuation approaches, including statistical models, and apply them as appropriate to both residential and commercial properties.

**Required Text:** *Real Estate Valuation*, Lusht, KML Publishing

**Grading:** There will be three mid-semester exams. There will not be a final exam. Each mid-semester exam will count for 33% of your course grade. **If you miss an exam, you will need an acceptable, documented excuse to qualify for a makeup. Without an acceptable excuse, you will receive a -0- for the exam. Examples of acceptable excuses are illness or a death in the family.** The mid-semester exams are not comprehensive, but the material is such that there is typically overlap across exams.

Exam1: Feb 6  
Exam 2: Mar 19  
Exam 3: Apr 23

Exams will cover class notes, readings, and handouts, including material covered by guest speakers. Exams may include essay questions, problems, and multiple choice questions. Exams will be curved if necessary, based on a given percentage of A’s. This will be explained in class.

**My typical distribution of final grades is as follows (the percentages include ‘+’ and ‘-’ grades):**

A – 15%  
B – 30%  
C – 40%  
D – 10%  
F – 5%

Using a “B” grade as an example, 80-82 is a B -, and 87-89 is a B +. No plusses or minuses will be given for grades below a “C”.

**Homework:** Homework will be assigned regularly. It is intended to provide practice and to prepare you for exams. It will not be graded. Most homework assignments will be sent via email, using the “CRN.....” address.

**Academic Dishonesty/Cheating Policy:**

*"All students are expected to demonstrate honesty in their academic pursuits. The university policies regarding issues of honesty can be*

found under the "Student Code of Conduct in the Student Guidebook. All students are expected to study this document, which outlines their responsibilities and consequences for violations of the policy.

The FGCU Student Guidebook is available online at <http://studentservices.fgcu.edu/judicialaffairs/new.html> “

### **Disability Accommodations Services**

“Florida Gulf Coast University, in accordance with the Americans with Disabilities Act and the university’s guiding principles, will provide classroom and academic accommodations to students with documented disabilities. If you need to request an accommodation in this class due to a disability, or you suspect that your academic performance is affected by a disability, please contact the Office of Adaptive Services. The Office of Adaptive Services is located in Howard Hall 137. The phone number is 239-590-7956 or TTY 239-590-7930”

### **Student Observance of Religious Holidays**

“All students at Florida Gulf Coast University have a right to expect that the University will reasonably accommodate their religious observances, practices, and beliefs. Students, upon prior notification to their instructors, shall be excused from class or other scheduled academic activity to observe a religious holy day of their faith. Students shall be permitted a reasonable amount of time to make up the material or activities covered in their absence. Students shall not be penalized due to absence from class or other scheduled academic activity because of religious observances. Where practicable, major examinations, major assignments, and University ceremonies will not be scheduled on a major religious holy day. A student who is to be excused from class for a religious observance is not required to provide a second party certification of the reason for the absence.”

The learning goals for Lutgert College of Business graduates can be summarized by thinking **EAGLES**. Students should be **Effective** communicators, **Analytical** thinkers, who can think **Globally**, with an understanding of **Legal** and ethical considerations and **Environmental** impacts. They should also be **Skilled** in, and across, business disciplines. This course is designed to further develop students’ analytical skills and core competences within the finance and real estate disciplines.

3. Students will understand the

|          | <b>LCOB Learning Goal</b>                  | <b>Course Objective</b>  | <b>How Assessed?</b>                           |
|----------|--|--|--|
| <b>A</b> | Be <b>ANALYTICAL</b> and critical thinkers | 1. Explain the linkages between individual valuation and investment decisions and observed patterns of urban land use. | All course objectives will be assessed by exam |

|          |   |  |  |
|----------|---|--|--|
| <b>S</b> | Possess necessary <b>SKILLS</b> across business disciplines | <ol style="list-style-type: none"> <li>1. Explain the role appraisals play in supporting smoothly functioning real estate markets.</li> <li>2. Summarize the importance of private property rights with respect to wealth creation and maximization.</li> <li>3. Explain the traditional three approaches to real estate appraisal.</li> <li>4. Estimate basic regression models and utilize to predict real estate prices and rents.</li> </ol> | All course objectives will be assessed by exam |
|----------|---|--|--|

| <b>Outline:</b>                                       | <i>Chapter Readings in Text</i> | <i>Approximate Dates</i> |
|---|---------------------------------|--------------------------|
| I. Price, Value, and Value Estimation                 |                                 |                          |
| A. Introduction                                       |                                 | Jan 7-9                  |
| B. The Appraisal Process                              | 1                               |                          |
| C. Price and Value in Real Estate Markets             | 2                               |                          |
| II. The Determinants of Value                         | 3-4                             | Jan 14-28                |
| A. Property Rights                                    |                                 |                          |
| B. Location   |                                 |                          |
| C. Property Specific Characteristics                  |                                 |                          |
| III. Estimating Value: “Traditional” Sales Comparison | 6                               | Jan 30- Feb 18           |
| IV. Estimating Value: Statistical Models              | 7-8                             | Feb 20-Mar17             |
| V. Estimating Value: Cost                             | 10-12                           | Mar 19-31                |
| VI. Estimating Value: Income Approach                 |                                 |                          |
| A. Discounted Cash Flow Models                        | 13, 16, 17                      | Apr 2 - Apr 23           |
| B. Direct Capitalization Model                        | 14-15                           |                          |

**Note that topic dates are approximate.** Exams will cover material prior to the exam, keeping in mind that material will overlap