

REAL ESTATE INVESTMENT ANALYSIS
Spring 2020

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Office hrs: By appointment,
Tues 9:00 – 10:00

Course Objective: This course is about the real estate investment decision making process. We begin with discussions of the fundamental considerations in investment analysis. We then focus on estimating expected cash flows and value change, and the various forms of debt financing available to the equity investor. Tax considerations and leverage impacts are examined in the context of measuring investment performance. The final topic will be the economics of real estate development.

Required Text: Investment Analysis, 8th. Ed., Kolbe, Greer, and Waller, Dearborn Publishing

Grading: There will be three mid-semester exams. There will not be a final exam. The dates are listed below. Each mid-semester exam will be worth 33% of your final 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 be given 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 almost always overlap across exams.

- . Exam 1: Feb 4
- . Exam 2: Mar 17
- . Exam 3: Apr 23

Exams will cover class notes, handouts, and readings, and you will be responsible for topics 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 will be sent via email to 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.”

LCOB Mission Statement

The Lutgert College of Business provides a high quality, student-centered learning environment to prepare students with the knowledge and skills needed to contribute to and take leading positions in business and society. Our faculties are devoted to teaching excellence, scholarship, and service that enhances our academic and business communities and we are dedicated to building partnerships that foster the economic growth of the southwest Florida region and beyond.

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.

	LCOB Learning Goal	Course Objective	How Assessed?
A	Be ANALYTICAL and critical thinkers	<ol style="list-style-type: none">1. Explain the role of real estate as an asset class with respect to its importance and impact on the general economy.2. Analyze performance measures widely used in real estate investment analysis.3. Summarize how various mortgage loan agreements impacted expected return and risk.	All course objectives will be assessed by exams
S	Possess necessary SKILLS across business disciplines	<ol style="list-style-type: none">1. Describe and differentiate among the four quadrants of real estate finance.2. Calculate holding period income and cash flow statements across a variety of property types.3. Calculate mortgage payments and loan balances across a variety of debt instruments.	All course objectives will be assessed by exams

Course Outline

Notice that the topic dates are listed as approximate. Classes move at different speeds, so seldom will the topics be covered exactly during the dates listed on the syllabus. Exams will reflect material covered prior to the exam, keeping in mind that materials will overlap.

<u>Topic</u>	<u>Chapter(s)</u>	<u>Approximate Dates</u>
I Fundamental Issues in Analysis	1, 2	Jan 7
II. The Operating Statement	5	Jan 9-21
III.. Forecasting Income and Value Change	6	Jan 23-28
IV. Debt Financing	8, 9	Jan 30-Feb 20
V . Tax Considerations	10, 11	Feb 25- Mar 19
VI. Measures of Investment Performance	12- 14, 7	Mar 24- Apr 7
VII. The Development Process	4, 19-22	Apr 9-23