



## DEPARTMENT OF BUSINESS ADMINISTRATION

# COURSE OUTLINE WINTER 2016

BA 2310 3 (3-0-1) UT 60 Hours

# FOUNDATIONS OF REAL ESTATE APPRAISAL

INSTRUCTOR: Jeff Nutting

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OFFICE HRS: TBA and By Appointment

### CALENDAR DESCRIPTION:

This course examines the theory and fundamentals underlying the valuation of real estate. Land rights, property utility, physical improvements, restrictive uses, and other factors that make up value are discussed. Approaches of appraisal are explored with a description of the three most common techniques of establishing value: the market approach, the cost approach and the income approach. Also the basic principles underlying real estate valuation such as the principle of highest and best use, the principle of substitution, the principle of contribution, and the economic forces underlying real estate values are discussed.

**PREREQUISITE:**

Financial Mathematics BA 1050 or consent of the instructor

REQUIRED TEXT:

Course material supplied by the Real Estate Division of the University of British Columbia, The Appraisal of Real Estate Third Canadian Edition

## **DELIVERY MODE:**

This course is delivered using lectures and labs involving problems. As well three on site practicum visits to residential properties are made. The course is 60 hours in length and is worth 3 credits.

## **COURSE OBJECTIVES:**

This course gives a basic introduction to real estate appraisal. It introduces students to ways to value residential properties and to analyze their salient features. An examination is made of real property in terms of its interests and valuation considerations. Participants are introduced to the Cost, Income and Direct Comparison Approaches to value.

## **LEARNING OUTCOMES:**

1. Students will understand the nature of value in real property.
2. Participants will gain knowledge as to the function of real estate and money markets in Canada.
3. Real property ownership and interests will be understood.
4. Students will develop an ability to work out a valuation process with market, land and improvements analysis.
5. An ability to do a highest and best use analysis will be gained.
6. Students will know how to do a Cost Approach which includes site valuation, the identification of depreciation and the estimate of costs.
7. An understanding of income and expense analysis along with capitalization within the Income Approach will be achieved.

8. Students will be able at the conclusion of the course to apply the Direct Comparison Approach.
9. At the conclusion of the course students will know how to reconcile value interests to come up with a final estimate of value.

#### TRANSFERABILITY:

Transfer agreements with the following institutions:

- Athabasca University: ECON 3xx (3)
- DeVry Institute of Technology - Calgary: BUSN 2TR (3)
- MacEwan University: BUSN 2xx (3)
- University of Alberta: BUS 3xx (3) OR AUMGT 2xx (3)

The course transfers to the Appraisal Institute of Canada's CRA program.

Students intending to transfer to a post-secondary institution to take advantage of a transfer opportunity are advised to check with the appropriate college/institute for the latest transfer information as acceptance

\*\* Grade of D or D+ may not be acceptable for transfer to other post-secondary institutions. Students are cautioned that it is their responsibility to contact the receiving institutions to ensure transferability

#### EVALUATIONS:

#### GRADING CRITERIA:

Appraisal Assignments	30% (3 @ 10%)
Open Book Assignment	10%
Midterm	25%
Final Exam	35%

Assignments will consist of three appraisals on residential properties

Grades are first recorded as percentages. After the last exam, the weighted average of the percentages will be converted to the college four-point system according to the following table:

Letter Grade	Grade Point Value	Percentage Range	Description
A+	4.0	90-100	Outstanding
A	4.0	85-89	Excellent
A-	3.7	80-84	
B+	3.3	76-79	
B	3.0	73-75	Good
B-	2.7	70-72	
C+	2.3	67-69	
C	2.0	64-66	Satisfactory
C-	1.7	60-63	
D+	1.3	55-59	
D	1.0	50-54	Minimal Pass
F	0.0	Below 50	Fail

#### COURSE SCHEDULE/TENATIVE TIMELINE:

January 4	Lesson 1	Introduction to Appraisal	Chapters 1 to 3
January 18	Lesson 2	Principles of Appraisal	4 to 7
February 1	Lesson 3	Property Analysis	8 to 11

February 22	Lesson 4/5 Market Analysis, Highest and Best Use Analysis: Land Valuation	12, 16
March 7	Lesson 6/7 Cost Method	17 to 19
March 14	Lesson 8/9 Direct Comparison Method	13 to 15
March 21	Lesson 10 Income Method	20 to 24
April 4	Lesson 11 Reconciliation, the Appraisal Report, Statistics	25 to 30

Exams will be scheduled in location and date by GPRC student services.

#### **STUDENT RESPONSIBILITIES:**

#### **STATEMENT ON PLAGIARISM AND CHEATING:**

Refer to the Student Conduct section of the College Admission Guide at <http://www.gprc.ab.ca/programs/calendar/> or the College Policy on Student Misconduct: Plagiarism and Cheating at [www.gprc.ab.ca/about/administration/policies/\\*\\*](http://www.gprc.ab.ca/about/administration/policies/**)

**\*\*Note:** all Academic and Administrative policies are available on the same page.

The instructor reserves the right to use electronic plagiarism detection services. Students are expected to demonstrate professional conduct for the duration of the course. Some aspects of this include the following: attending each class and arriving on time, restricting discussions in class to the current course material, keeping mobile phones in the "off" or "silent" modes, and not placing or answering calls, text messages, or emails during class time. Unprofessional conduct is disruptive to the learning environment and makes mastering the course material more difficult for all students. Academic Regulations state that "You may be refused permission to write a final examination in a course on the

advice of the instructor concerned. This usually happens when absences are excessive or if significant parts of required assignments or lab work are not completed.” The definition of excessive absences in this class will be more than 3 classes missed without a doctors or other note. A sign in sheet will be supplied at some classes or on site practicums.