BSBA Goals

BSBA students will graduate being Effective Communicators, Critical Thinkers, Able to Analyze Ethical Problems, Global in their perspective, and Knowledgeable about the essentials of business. This class contributes to those goals through its student learning outcomes.

1. Administrative Information

Time and location: Wednesdays 4:00pm – 6:40pm, GMCS 329
Instructor: Xudong An, Ph.D., Associate Professor of Finance and Endowed Professor of Real Estate
Office: SSE 3316
Phone Number: 619-594-3027
Email: xan@mail.sdsu.edu
Office Hours: Wednesdays 12:00-1:00pm or by appointment

2. Course Goal and Objectives

This course will help students learn how to value real estate, both residential and commercial, using traditional and modern techniques. We will cover the basic theories of real estate value, the sales comparison approach, the cost approach and the income approach of valuation, as well as regression analysis and automated valuation model (AVM). We will also discuss residual land value and real estate price index.

Upon successful completion of the class, you are expected to be able to:

1) Understand the theories and methods used to value real estate;
2) Use the sales comparison approach to conduct a residential appraisal;
3) Conduct commercial real estate valuation using the cost approach and income approach;
4) Conduct highest and best use analysis and calculate residual land value;
5) Explain various index methods used to track real estate price trends.

This course is a core course for the real estate major. Pre-requisite of this course is FIN331 Real Estate Principles.

3. Course Format and Requirements

The course is a combination of class discussions, in-class exercises and guest presentations. You are expected to read book chapters before each class in order to participate in class discussions, which are critical to your success in this class.

In addition to the final exam, there will be two sets of homework and four cases. Exam will be based on both textbook materials and class discussions. Late submission of homework or case study will not be accepted.
Since this class involves in-depth quantitative analysis, *it is necessary that you feel comfortable using Excel.*

4. Grading

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<td>Homework 1</td>
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<td>Homework 2</td>
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<td>Final Exam</td>
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According to university grading policy, “[u]ndergraduate grades shall be: A, outstanding achievement; B, praiseworthy performance; C satisfactory performance; D, minimally passing and F, failing. The grade for average undergraduate achievement shall be C.” I will be using plus or minus grades.

5. Textbooks and Readings


6. Blackboard Course Information Web Site

For convenience, all course materials including syllabus, notes, homework, and cases will be put under the “Course Documents” folder on Blackboard, click [here](https://blackboard.sdsu.edu/).

7. Disability Statement

Any student requesting academic accommodations based on a disability is required to register with the Student Disability Services (SDS) each semester. A letter of verification for approved accommodations can be obtained from SDS. Please make sure the letter is delivered to me as early in the semester as possible. SDS is located in Calpulli Center, Suite 3100 (third floor) and is open 8:00am - 4:30pm, Monday - Friday. The phone number for SDS is (619) 594-6473.
## 8. Class Meetings

<table>
<thead>
<tr>
<th>Week / Date</th>
<th>Topics and Readings</th>
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| W1 / 8/26   | Introduction  
AI chapters 1-3  
*HW 1 hand out* |
| W2 / 9/2    | Overview of Real Estate Valuation  
Review of HW 1  
AI chapters 4, 31  
*HW 1 due* |
| W3 / 9/9    | Three Traditional Methods of Valuation  
Working with Excel  
AI chapters 18, 27, 23, 25  
*Case 1 hand out* |
| W4 / 9/16   | Applications of the Sales Comparison Approach  
AI chapters 5-8, 19-20 |
| W5 / 9/23   | Applications of the Sales Comparison Approach continued  
AI chapters 9-11, 15 |
| W6 / 9/30   | Regression Analysis and Residential AVM  
*Case 1 due* |
| W7 / 10/7   | Regression Analysis and Residential AVM continued  
Review of Case 1  
AI chapter 14 |
| W8 / 10/14  | Residential Appraisal Fraud and Bias  
*An et al, 2014; Agarwal, et al, 2013* |
| W9 / 10/21  | Applications of the Cost Approach  
Review of HW2  
AI chapters 27-29  
*HW 2 due, Case 2 hand out* |
| W10 / 10/28 | Direct Capitalization for Commercial Real Estate  
AI chapters 23, 26 |
| W11 / 11/4  | Discounted Cash Flow (DCF) Analysis |
Review of Case 2
AI chapters 25, 26

Case 2 due, Case 3 hand out

W12 / 11/11  Veteran’s Day, no class

W13 / 11/18  Residual Land Value
Review of Case 3
AI chapters 16-17

Case 3 due, Case 4 hand out

W14 / 11/25  Thanksgiving holiday, no class

W15 / 12/2  Valuation and Real Estate Price Index
An et al, 2014

Case 4 first draft due

W16 / 12/9  Case 4 Presentation

Case 4 final draft due

W17 / 12/16  Final Exam (4:00pm-6:00pm, GMCS 329)
9. Useful Website Links

- CNN Real Estate, click [here](http://money.cnn.com/real_estate/)

- Commercial Property News, click [here](http://www.commercialpropertynews.com/)

- National Council of Real Estate Investment Fiduciaries, click [here](http://www.ncreif.com/)

- Redfin (Residential listings), click [here](http://www.redfin.org)

- Zillow (Residential property and market data), click [here](http://www.zillow.com)

- Trulia (Rent and property data), click [here](http://www.trulia.com)

- CoStar (Commercial property and market data), click [here](http://www.costar.com)

- Glossary of Finance and Economic Terms, click [here](http://www.freddiemac.com/finance/smm/a_f.htm#A)