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: Mondays 4:00-6:40pm
Location: GMCS 310
Instructor: Xudong An, Ph.D., Associate Professor of Finance and Endowed Professor of Real Estate
Office: SSE 3367
Tel: 619-594-3027
Email: xan@mail.sdsu.edu
Office Hours: Tuesdays 4:00-5:00PM or by appointment

2. Course Goal and Objectives

This course provides you an overview of fundamental concepts, theories and industry practices in real estate valuation, brokerage, finance, investment and development.

Real estate is the single largest component of household assets and represents approximately one-half of the world’s total economic wealth. The real estate industry generates over 28 percent of US gross domestic product (GDP), creates jobs for nearly 9 million Americans, and is the source of nearly 70 percent of local government revenues. Real estate has been a good investment in the history: housing price in San Diego more than tripled during 1996-2006; Blackstone’s real estate investment fund achieved an average annual net return of 29 percent from 1991 to 2007. However, the recent housing market crisis created “the most significant risk to our economy” (U.S. Secretary of the Treasury, October 2007). U.S. home owners, home builders, real estate investors, mortgage bankers, Wall Street hedge funds and foreign banks have all experienced great difficulties during this crisis.

The primary goal of this course is to enable you to make informed real estate decisions. It also serves as a foundation class for further studies in real estate, which prepare you for jobs in the real estate development, investment, brokerage, appraisal, consulting and finance industries.

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

1) Categorize different types of real estate and identify their physical and investment characteristics;
2) Understand the real estate market structure and the industry;
3) Apply the market comparison approach to value a residential property and use the income approach to value an income-producing property;
4) Make mortgage calculations, e.g. computing monthly payment, constructing amortization table and calculating effective borrowing cost;
5) Explain the common sources of residential and commercial real estate financing;
6) Calculate the NOI, NPV and IRR of a commercial real estate investment and make investment suggestions.

3. Organization and Requirements

The course is a combination of lectures, guest presentations, and discussions. **You are expected to conduct readings before each class.** Active class participation is critical in your success in this class. There will be two mid-terms and a final. Exams will be based on materials from both the lectures and the readings. Two practice problem sets will be given for your preparation for the tests.

The problem sets and exam questions on the valuation and finance parts will involve the calculations of present values and annuities using Excel spreadsheets, so **it is necessary that you feel comfortable using Excel.**

4. Grading

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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


Baron, Leonard. 2010. *Real Estate Ownership, Investment and Due Diligence 101*. (Baron)

6. Blackboard Course Information Website

For your convenience, course materials including syllabus, lecture notes, problem sets, answer keys to problem sets and exams will all be put under the “Course Documents” folder on Blackboard (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

Week / Date       Topics and Readings

W1 / Aug. 27   Introduction
                 Residential Properties, Income-producing Properties and Real Estate
                 Market Overview
                 LA Chapters 1, 22; Baron Chapters 1-2

W2 / Sept. 3    Labor Day Holiday, No Class

W3 / Sept. 10   Legal Foundations of Real Estate
                 LA Chapters 2, 3

W4 / Sept. 17   Regulations and Government Controls
                 LA Chapter 4

W4 / Sept. 24   Real Estate Valuation: Market Comparison and Cost Approaches
                 LA Chapters 5, 7
                 Problem set 1 handout

W6 / Oct. 1     Real Estate Valuation: Income Approaches
                 LA Chapter 8

W7 / Oct. 8     Midterm 1 (4-5:15pm, GMCS 310)
                 Financing of Residential Real Estate
                 LA Chapters 9, 14; Baron Chapter 7
                 Case study: a real estate scam in San Diego

W8 / Oct. 15    Mortgage Instruments: Fixed-rate Mortgage
                 LA Chapters 10, 15

W9 / Oct. 22    Mortgage Instruments: ARM and others
                 LA Chapter 15
                 Case study: a toxic mortgage
                 Problem set 2 handout

W10 / Oct. 29   Mortgage Refinance and Default
                 LA Chapters 10; Baron Chapter 5
                 Real Estate Capital Markets
                 LA Chapter 11

W11 / Nov. 5    Midterm 2 (4:00-5:15pm, GMCS 310)
                 Real Estate Brokerage and Contracting
                 (Guest Speaker TBD)
                 LA Chapters 12, 13

W12 / Nov. 12   Veteran’s Day Holiday, No Class

W13 / Nov. 19   Real Estate Investment and Commercial Real Estate
                 LA Chapter 17, 22
W14 / Nov. 26  Real Estate Investment Analysis
(Guest Speaker TBD)
LA Chapters 18-19; Baron Chapter 3

W15 / Dec. 3  Review for the Final

W16 / Dec. 10  Final Exam (4:00-6:00pm, GMCS 310)
9. Useful Website Links

CNN Real Estate (http://money.cnn.com/real_estate/)

Commercial Property News (http://www.commercialpropertynews.com/)

OFHEO Housing Price Index (http://www.ofheo.gov/HPI.asp)

Case-Shiller Home Price Index (http://www.macromarkets.com/csi_housing/sp_caseshiller.asp)

U.S. Census Bureau (http://www.census.gov/pub/)

Bureau of Labor Statistics (http://www.bls.gov/)

National Association of Home Builders (http://www.nahb.org/)

National Association of Realtors (http://www.realtor.org/)

Mortgage Bankers Association (http://www.mbaa.org/)

Glossary of Finance and Economic Terms (http://www.freddiemac.com/finance/smm/a_f.htm#A)