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.

Course Objectives:
To provide a foundation for the valuation of real estate and a comprehensive review of the concepts and tools used for placing an economic value on real property for purposes of acquisition, divestiture or investment.

Student Learning Outcomes:
Understand of basic concepts of real estate valuation.
Estimate the value of property using the sales comparison approach.
Estimate the value of property using the income approach.
Estimate the value of property using the cost approach.

Requirements:
1. You are required to write two papers and make one presentation. The first paper is a literature review and the second is a term paper. The term paper may be on one of the following:
   a. A complete narrative appraisal report, or
   b. An actual real estate-related case study, or
   c. A theoretical and/or empirical paper on real estate-related topic, or
   d. A second literature review paper.
2. Read all assigned materials including the required text book, lecture notes, handouts, and all literature review papers prepared by all students.
3. Complete all assignments
4. Take all quizzes and in-class exercises
5. Participate in class discussion
6. Take three exams.

Notice: Failure to complete and present a review paper and/or submit the term paper on their due dates will result in an “F” grade for the course. In other words, they are necessary conditions for passing the course.

If you know that you will not be available during certain class meeting please inform me in writing no later than February 12.

Clarifications:

1. Literature Review Paper

Early in the semester students must identify topics that will be the subjects of their literature review
papers. The selected topic must be on real estate valuation and must be approved by the instructor.

The purpose of a review paper is to comprehensively review the literature on a specific source of externalities and its effects on real property values. To simply review individual papers is not acceptable. A review paper is generally extensive and lengthy since it must cover all academic published papers on the topic. The paper must be thoroughly thought out and cohesively written (e.g.; see the attached article titled “Determinants of Market Rent”). It is the student’s responsibility to obtain actual copies of all referenced papers. Failure to review and/or cite important published papers will affect the assignment grade. Please plan, research, and choose your topic carefully. Failure to present and submit a review paper on the due date will result in an “F” grade for the course.

The first step is to choose topics you are interested in researching and do a preliminary search of the literature to make sure there are articles published (and available) on the topic to use as references. Please be mindful that some referenced article may not be readily available and take time to obtain (e.g.; getting an article/book via SDSU’s Inter-Library Loan may take three weeks or longer.) Therefore, it is crucial that you start the process early during the semester. The date of your presentation will be announced after all topics from all students have been received and approved.

Timeline of the review paper

Identify a Topic for literature review
By February 19, you should have identified your research topic.

Title, Abstract, and Bibliography
By March 5, you must submit a proposed title, abstract, and bibliography (about two to three pages in all) of the review paper for final approval. The abstract should describe the topic you will be investigating and put it in the context of the issues/ideas you plan to address and the questions you hope to answer. The proposal must include preliminary findings, actual (or direct links to) referenced articles, and an exhausted list of bibliography.

Presentation
The literature review paper must be presented in class. Please plan for a 15 minutes presentation. We will finalize the presentation date in class by March 12. Within two weeks of your presentation, please schedule a meeting with me to review your findings and how to best present them. A copy of your presentation slides must be submitted via an email attachment to me one week prior to the scheduled presentation.

Submitted Paper
The final draft of the paper is due one week after your presentation in class. Please feel free to incorporate any relevant feedback/suggestions received during or after the presentation into the submitted paper. The submitted paper must follow the format of the article titled: “Determinants of Market Rent” and must be at least 10 pages, single-space, 12 pt. font (excluding appendices, figures, tables, and references). Please be reminded that your submission package must include actual (or direct links to) articles referenced in your paper.

Literature review papers are fair game for exam questions so make sure you read all of them.

2. Term Paper
In addition to the literature review paper, students must submit a term paper by May 14. My preference will be a complete narrative appraisal project on an approved property. However, you may choose to do (1) a second literature review paper, or (2) an actual real estate-related case study, or (3) a theoretical and/or empirical paper on real estate-related topics. The choice of the paper topic must be approved by the instructor. You are responsible to obtain all required data and referenced materials. So please start working on it early to make sure you have what you need to complete the paper. Failure to submit the term paper on the due date will result in an “F” grade for the course.

Requirements for the term paper:

The project proposal must be submitted in writing for approval no later than March 26 otherwise there will be a 25% grade deduction.
Submit a biweekly progress report.
The submitted report must be at least 15 pages, single-space, 12 pt. font (excluding appendices, figures, tables, maps, references, etc.)
The final report is due on May 14.

Timeline of the term paper

Identify a Topic
By March 10, you should have identified your research topic.

Title, Abstract, and Bibliography
By March 26, you must submit a proposed title, abstract, and bibliography (about three to four pages in all) of the term paper for final approval. The proposal should describe the topic you will be investigating and put it in the context of the issues/ideas you plan to address and the questions you hope to answer. The proposal should at least include a description of the research issues, the methodology used in addressing the issue, a description of the data including type and source, a list of reference materials, and if possible preliminary findings.

Submitted Paper
The term paper is due on May 14. The submitted paper must be at least 15 pages, single-space, 12 pt. font (excluding appendices, figures, tables, and references). Please be reminded that your submission package must include actual (or direct links to) articles referenced in your paper.

Class Procedures
1. Grading: Your grade in this course will be determined in accordance with the University and the Department of Finance grading policy and standards: A, outstanding achievement; B, praiseworthy performance; C satisfactory performance; D, minimally passing and F, failing. Though subject to a downward revision in cutoff scores (i.e. a “curve”), grades will generally be assigned to the following percentage achievements: A(93+) A-(90+) B+(87+) B(83+) B-(80+) C+(77+) C(73+) C-(70+) D+(67+) D(63+) D-(60+) F(59.9-). In addition to in-class exercises/participation and unannounced quizzes, occasionally, I will take attendance as evidence of your in-class-exercises/participation. You must attend the entire class period to earn credit for an in-class exercise/participation and quiz. The grade in this course will be determined by the following weights: Exam I: 20%; Exam II: 20%; Exam III: 20%; In-class exercises/participation, unannounced quizzes, assignments (20%), a literature review paper (10%), and a term paper (10%). Please note: failure to complete and present a review paper and/or submit the term paper on their due dates will result in an “F” grade for the course.
2. Exams: There will be three regular exams given (i.e.; no final exam) and you must take all of the exams on time no later than 20 minutes after they begin. All assigned textbook materials, materials posted on Blackboard, in-class handouts, assignments, and everything covered in class are fair game for exams. The format of exams will be a combination of multiple choice questions, and/or T/F, and/or fill-in blank, and/or problems, and/or essay/problems, and any combination thereof. Makeup exams are rarely given and are determined by case by case basis. You must obtain permission to take a makeup exam in writing at least one week prior to the scheduled in-class exam. Makeup exams are generally different from scheduled in-class exams (e.g.; format, length, etc.) Please bring a Scantron sheet Form 882 to each exam along with #2 pencils and erasers. Additionally, you must bring your student ID or a picture ID to receive a test booklet. Only the following items are allowed in exams: a Scantron sheet, #2 pencils, and a standard calculator. No other electronic device such as cell phone, computer, IPod, IPad, tablets, laptops, etc. will be allowed in exams. Only a standard financial calculator is allowed in exams. You will not be allowed to share financial calculator with classmates either in class or during exam, therefore be certain that it is in working condition. I keep all of your exams and you are welcome to come to my office to see and discuss them. The exam schedule is as follows: Exam I: February 19; Exam II: March 26; Exam III: May 7. Please Note: Although there is no final exam given in this class, there will be a class meeting on Wednesday May 14 at 19:00.

3. Quizzes and in-class exercises/participation: Regardless of the extenuating circumstances, there will be no makeup given for missing quizzes and/or in-class exercises/participation. Attendance is important. You cannot participate if you are absent. You must attend the entire class period to earn credit for in-class exercises/participation and/or quizzes. Occasionally, I may take attendance as evidence of your in-class exercises/participation. Bring a financial calculator to every class since you may need them for in-class exercises and/or quizzes. I keep all quizzes and in-class exercises and you are welcome to come to my office to see and discuss them.

4. Calculator: Many of the in-class exercises and exam problems involve complex calculations requiring a financial calculator to efficiently solve them. You must have a financial calculator and proficiently use it to get through the course. Only a 256k financial calculator is allowed in exams. You will not be allowed to share financial calculator with classmates either in class or on exam. I will use an HP 12C in class to work on various problems. You can follow lectures most easily if you use an HP 12C. Regardless of the type, you must know how to use it and it is your responsibility to learn. The manual that comes with a calculator is usually good or [http://www.tvmcalcs.com/](http://www.tvmcalcs.com/) or [http://www.educalc.net/245081.page](http://www.educalc.net/245081.page) Please do not wait until the exam day to begin learning how.

5. Assignments: Assignments are due at the beginning of the session on the due day. Late submission will not be accepted. If you cannot attend the class you should turn in your assignment via a classmate or via an email’s downloadable/readable attachment prior to the class. Some assignments may require the use of a spreadsheet (Excel) to perform financial analysis. So please make sure you are spreadsheet proficient! You will also be assigned a number of published manuscripts to read and write a review. The review should at least cover what the problem is, a review of background information leading to the problem, the methodology used in addressing the issue, type and source of data, findings and conclusion. Although I encourage you to discuss assignments with your classmates, submitted assignments are to be individually written.

6. Syllabus changes: Each student is responsible for information contained in the syllabus. Additionally, you are responsible for any and all modifications to this syllabus made in class during
the term.

7. Class cancellation: If I am twenty (20) minutes late for a class, the class is officially canceled. Assignments due for the canceled class will be due on the next scheduled class period.

8. Each student is responsible for all classroom handout materials and all information disseminated during the class time. If you miss a class for whatever reason it is your responsibility to find out from your peers what went on in class. The majority, but not all, of my lecture notes are posted on Blackboard.

9. The use of electronic devices, such as, but not limited to, cameras of any type, video or voice recorders, cell phone, IPod, IPad, tablets, computers, etc. during class and exam is prohibited.

10. If you receive the highest grades in either (1) exam 1 and exam 3 or (2) exam 2 and exam 3, you will receive a letter grade upgrade for the course.

11. Re-grading of assignments or re-assess your course grade: Requests for re-grading of assignments or re-assess your course grade must be in writing within one week of the return’s date and the score/grade may be adjusted up as well as down.

12. Email: The best way to contact me is to send electronic mail to fiquan@mail.sdsu.edu. When send an email to me, please include “Fin 433” and a brief purpose on the “Subject.” Failure to so may result in a “spam” classification of your email and may result in my-not-so-prompt response or no response.

13. The grade for in-class exercises/participation and unannounced quizzes will be calculated according to the following formula: 

\[
\frac{x(1 + \frac{x}{X})}{2x} \times 100
\]

Where \( x \) = the number of credited in-class exercises/participation, and unannounced quizzes, and \( X \) = the total number of all in-class exercises/participation and unannounced quizzes given.

ACADEMIC HONESTY: As a student taking coursework in this College, you have an obligation to maintain the highest standards of ethical conduct. This involves avoiding acts of academic dishonesty which will not be tolerated. Examples include signing others into class on any given day, cheating on exams (e.g.; talking, collaborating, copying, using materials that are not given nor permitted by the instructor, using electronic device such as cell phone, video or voice recorders, etc…and laptop computers), copying homework, plagiarizing, and other infractions as spelled out in the SDSU codes. The reason for requiring the highest standards of ethical conduct is to ensure fairness, honesty and integrity in the evaluation of student performance. Evaluation of student performance should not be invalidated by students intending or attempting to misrepresent the skill, achievement or ability of either themselves or others.

Course Prerequisite: Finance 331

TENTATIVE OUTLINE
Introduction; Explanation of Course & Administrative Matters;
Introduction to Appraisal
Land and Ownership of Real Property
Nature of Real Estate Value
The Valuation Process
Identifying the Type of Value and Its Definition
Restrictions on Real Property and Value
Real Estate Income and Pricing Implications
Principles of Asset Pricing: The Law of One Price and Arbitrage
Collection and Analysis of Data
Statistical Valuation Models
Sales Comparison Approach to Valuing Real Property
Estimating Value using the Cost Approach
Estimating Costs methods
Estimating Depreciation Concepts and Techniques
Land and Site Valuation
Lease Fee and Leasehold Valuations
Highest and Best Use Analysis
Neoclassical Loanable Funds Theory of Interest
Foundations and Term Structure of Interest Theories
Interest Rates and Default Risks
Income Approach to Real Property Valuation using DCF Models
Theory and Practice of Estimating $Y_0$, $Y_e$, and $Y_a$
Direct Capitalization Approach
Finance and Tax Explicit DCF Models
Estimating Overall Capitalization Rates Using Band of Investment Models
Mortgage Equity models and WACC
Real Property’s Mathematical Valuation Models.

As a student you have full control of the quality of your education, only you can learn, no one can do it for you. I wish you a productive semester.