

CUYAMACA COLLEGE
COURSE OUTLINE OF RECORD

REAL ESTATE 194 – REAL ESTATE APPRAISAL

3 hours lecture, 3 units

Catalog Description

Introductory course covering the purposes of appraisals, the appraisal process, and the different approaches, methods and techniques used to determine the value of various types of property. Emphasis is on residential and single-unit property.

Prerequisite

None

Course Content

- 1) Nature and purposes of appraisal: forces that create value, levels of appraisal activity, purpose of real estate appraisal
- 2) Nature of real property and value: bundle of rights theory, definition and meaning of value
- 3) Basic principles of real property value; principles of: supply and demand, change, substitution, highest and best use, balance, increasing and decreasing returns, contribution, conformity, competition, anticipation
- 4) Procedure and analysis of the appraisal process
- 5) Neighborhood analysis: residential, multi-family, commercial, industrial
- 6) Site analysis and valuation: purpose, physical data, relation to land pattern, methods of evaluation, correlation and comparative-evaluation
- 7) Residential, commercial, industrial and utility: functional utility, single and multiple units, retail stores, office buildings, industrial buildings, commercial buildings
- 8) Building cost estimates: methods of estimating reproduction cost, comparative methods, direct and indirect costs
- 9) Theory of Depreciation: direct and indirect methods of estimating depreciation, physical deterioration, curable and incurable functional obsolescence, economic obsolescence, and external obsolescence.
- 10) Gross income estimates: economic rent, effective gross income, rental conversion factors, comparable rents, durability of income
- 11) Analysis of expense: fixed expenses, operating expenses, reserves for replacement, ratio – expenses to gross income, ratio – net income to gross
- 12) Interest rates and capitalization rates: nature of capitalization, recapture rates, selection of interest rates
- 13) Direct and straight line capitalization: basic principles of capitalization, direct capitalization, straight line capitalization, building – residual technique, land – residual technique, property residual technique
- 14) Application of annuity methods
- 15) Market data approach: residential property, commercial property, industrial property
- 16) Reconciliation and final value estimates: review and analysis of data, final correlation
- 17) Appraisal of lease interest and discussion of appraising profession and how to enter the profession

Course Objectives

Students will be able to:

- 1) Use accepted techniques of appraising single and multi-family dwellings.
- 2) Describe how commercial and industrial property is appraised.

Method of Evaluation

A grading system will be established by the instructor and implemented uniformly. Grades will be based on demonstrated proficiency in subject matter determined by multiple measurements for evaluation, one of which must be essay exams, skills demonstration or, where appropriate, the symbol system.

- 1) Appraisal report (one or more) that measures the student's ability to use accepted techniques of appraising single and multi-family dwellings.
- 2) Quizzes, final exam that measure the student's ability to describe how commercial and industrial property is appraised.

Special Materials Required of Student

None

Minimum Instructional Facilities

Smart classroom

Method of Instruction

Lecture, in class or appropriate for online, discussion or discussion boards, and instructor/publisher prepared slides or other materials

Out-of-Class Assignments

- 1) Reading assignments
- 2) Short writing assignments
- 3) Short research assignments

Texts and References

- 1) Required (representative examples):
 - a. *REAL ESTATE APPRAISAL*, Rockwell, 8th edition, *Rockwell Publishing*, 2018.
- 2) Supplemental: None

Student Learning Outcomes

Upon successful completion of this course, students will be able to:

- 1) Use accepted techniques to appraise single and multi-family dwellings. (Work Based Learning Outcome)
- 2) Describe how commercial and industrial property is appraised.