NVCC COLLEGE-WIDE COURSE CONTENT SUMMARY

REA 220 - INCOME PROPERTY VALUATION (3 CR.)

COURSE DESCRIPTION

Familiarizes the student with the techniques that are utilized to perform the appraisal of more complex income-producing properties. Focuses on income and expense forecasting, appropriate techniques for determining capitalization rates, and discounted cash flow methods. Includes valuation of complex commercial properties such as apartment complexes, office buildings, shopping centers, industrial properties, hotels, and mixed-use complexes. Lecture 3 hours per week.

GENERAL COURSE PURPOSE

This one-semester course is designed to satisfy the state requirement for Real Estate Appraiser License and certification candidates. Additionally, the course is intended to foster increasing professionalism and ethical practices within the real estate appraisal industry.

ENTRY LEVEL COMPETENCIES

Prerequisites for this course is REA 216 - "Real Estate Appraisal" or a basic understanding of real estate appraisal theory and practice is necessary.

COURSE OBJECTIVE

A. To familiarize students with the appropriate methodology utilized in appraising complex income producing properties
B. To develop the common types and sources of data necessary to complete an appraisal of an income producing property, including land and building sales, income and expense forecasts, economic and contract rents, construction cost estimating, and various methods of capitalization rate extraction
C. To provide an in-depth study of the income approach to value and to explore the nuances of the cost and market data approaches as they relate to income producing properties
D. To explain the methodology, pitfalls and advantages of discounted cash flow income analysis
E. To correlate the various indications of value provided by any appropriate appraisal methods for income producing properties
F. To gain experience in the appraisal of income producing properties by completing classroom exercises and drill problems
G. To learn the six functions of the dollar and time value of money

MAJOR TOPICS TO BE INCLUDED

A. Influences on real estate value
B. Legal considerations in appraisal
C. Types of value
D. Economic principles
E. Real estate markets and analysis
F. Valuation process
G. Property description
H. Appraisal statistical concepts
I. Sales Comparison approach
J. Site value
K. Cost approach
L. Income approach
M. Valuation of partial interests

EXTRA TOPICS (optional)

A. Regional and Community Analysis
B. Neighborhood Value Analysis
C. Consideration in Site Analysis
D. Fundamentals of Land Valuation
E. Sales Comparison Approach to Value
F. Building Construction and Plan Reading
G. The Depreciated Cost Approach: Cost Estimating
H. The Depreciated Cost Approach: Measuring Accrued Depreciation