

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

II. CLASSES AT THE UNIVERSITY OF WISCONSIN--MADISON

D. Business 528/556: Valuation of Real Estate

1. Syllabi (First Semester 1965, First Semester 1969, First Semester 1976)

Commerce 528

Valuation of Real Estate

Fall semester 1965-66

J. A. Graaskamp

Purpose:

To introduce the student to the theories and practice of real estate appraisal to serve the real estate investment decision-making process. The course will both teach and critique present appraisal theory favored by the appraisal profession, and those theories currently advocated as an improvement on recognized practices.

Text:

Real Estate Appraisal and Investment, by Kahn, Case, and Schimmel
Published by Ronald Press Company, \$9.00

Other Readings:

Selections from The Appraisal Journal

Demonstration cases from material of the Appraisal Institute

The Appraisal of Real Estate, by the American Institute of Real Estate Appraisers

Written Assignments:

1. An appraisal of a vacant residential lot.
2. A critical review of an actual commercial appraisal.
3. An appraisal of a single family home.

Examinations:

1. A 50 minute exam on basic appraisal theory and vocabulary
2. A 50 minute exam on appraisal techniques.
3. A two hour exam on the relationship of appraisal to investment behavior and appraisal technique to the purpose of the appraisal.

Grade weights:

Written reports	15% each -	45%
50 min. exams	15% each -	30%
Final exam		<u>25%</u>
		100%

Timetable - Commerce 528

Valuation of Real Estate

Fall Semester 1965-66

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<u>Class</u>	<u>Subject and Work Schedule</u>
Mon. 9/13	Introduction
Wed. 9/15	The appraisal assignment and the distinction between appraisal and counseling
Fri. 9/17	Principles of property value
Mon. 9/20	Theory of value continued
Wed. 9/22	Indicators of urban use intensity
Fri. 9/24	Regional economic forecasts
Mon. 9/27	City and economic background analysis
Wed. 9/29	Location, neighborhood, and site analysis
Fri. 10/1	Site analysis continued
Mon. 10/4	Classic methods of approaching value
Wed. 10/6	The comparative sales approach - residential
Fri. 10/8	Special land valuation problems
Mon. 10/11	The comparative sales approach - commercial
Wed. 10/13	The market simulation approach
Fri. 10/15	The cost approach to value
Mon. 10/18	The depreciation estimate
Wed. 10/20	Site valuation problem due: Class discussion of results
Fri. 10/22	Classic capitalization of income approach
Mon. 10/25	Classic capitalization of income approach continued
Wed. 10/27	The Ratcliff critique of the traditional approaches to value
Fri. 10/29	The Ratcliff critique of the traditional approaches to value continued
Mon. 11/1	First 50 minute quiz
Wed. 11/3	Writing the appraisal report
Fri. 11/5	Writing the appraisal report continued
Mon. 11/8	Hand in critical review of commercial appraisal
Wed. 11/10	Introduction to the Ellwood method of capitalizing income
Fri. 11/12	Development of the Ellwood approach
Mon. 11/15	The Ellwood approach and leasehold valuations
Wed. 11/17	Appraising lease interests
Fri. 11/19	Mortgage loan appraising - income property
Mon. 11/22	Building analysis - dwellings
Wed. 11/24	Building analysis - commercial
Mon. 11/29	Second 50 minute quiz
Wed. 12/1	Appraisal for realty tax purposes
Fri. 12/3	Appraisal for realty tax purposes continued
Mon. 12/6	Condemnation of appraisal
Wed. 12/8	Condemnation of appraisal continued
Fri. 12/10	Condemnation of appraisal continued
Mon. 12/13	Appraisal for insurance purposes
Wed. 12/15	Federal income tax and real estate value
Fri. 12/17	Income tax, cash flow, and value
Mon. 1/3	Urban renewal appraisal
Wed. 1/5	Re-use appraisal for urban renewal
Fri. 1/7	Institutional standards for the professional appraiser
Mon. 1/10	Single family home report due
Wed. 1/12	Discussion of reports and review

Valuation of Real Estate

Fall Semester 1965-66

J. A. Graaskamp

<u>Date</u>	<u>Assignment</u>	<u>Lecture</u>
Mon. 9/13	None	Decision-making process
Wed. 9/15	KCS Chap. 1, 2	Appraisal vs. counseling
Fri. 9/17	KCS Chap. 3	Formal value theory of the appraiser
Mon. 9/20	KCS Chap. 3	Value theory continued
Wed. 9/22	KCS Chap. 4	A demonstration economic base analysis
Fri. 9/24	Mimeo handout	Economic forecasting and the appraiser
Mon. 9/27	KCS Chap. 5	Standard city indices of real estate value trends
Wed. 9/29	KCS Chap. 6	Location analysis by means of linkage determination
Fri. 10/1	Mimeo handout	The American institute approach to site analysis
Mon. 10/4	KCS Chap. 7	The impact of three approaches to value
Wed. 10/6	KCS Chap. 8	Selection and adjustment of comparable property
Fri. 10/8	to be assigned	Comparison of heterogeneous properties
Mon. 10/11	KCS Chap. 23	Special arbitrary tools of the appraiser
Wed. 10/13	Mimeo handout	Formal approach vs. pragmatic approach to value
Fri. 10/15	KCS Chap. 13	Review of costing techniques
Mon. 10/18	KCS Chap. 14	Critique of depreciation techniques
Wed. 10/20	Site valuation problem due	Class discussion of results
Fri. 10/22	KCS Chap. 9	Estimating gross income and expenses
Mon. 10/25	KCS Chap. 10, 11	Formal selection of a cap rate
Wed. 10/27	Mimeo handout	Discussion of the Ratcliff critique
Fri. 10/20	Mimeo handout	The Ratcliff proposal
Mon. 11/1	First 50 minute quiz	

Business 528

Valuation of Real Estate

Fall Semester 1969-1970

Prof. J.A. Graaskamp

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Text:

An Introduction to Appraising Real Property, Society of Real Estate Appraisers, 1968.

Other readings:

1. The Appraisal of Real Estate, American Institute of Real Estate Appraiser, Fifth Edition (1967) (TARE).
2. Modern Real Estate Valuation: Theory and Application, by U. Ratcliff, Published by the Domocrat Press (MRV).
3. A Student's Demonstration Appraisal Report on an Apartment House, American Institute of Real Estate Appraisers (1966) (SDRA).
4. A Student's Demonstration Appraisal Report on a Single-Family Residence, American Institute of Real Estate Appraisers (1964) (SDRH).
5. Real Estate Appraisal and Investment, by Kahn, Case, and Schimmel, Published by Ronald Press Company (KCS).
6. A Guide to Appraising Apartments, William N. Kinnard, Jr., Society of Real Estate Appraisers (1965). (GA)
7. A Guide to Appraising Residences, H. Grady Stebbins, Jr., Society of Real Estate Appraisers (1969). (GR)
8. Selections from The Appraisal Journal (TAJ).

Written Assignments:

1. An Appraisal of a single family home.
2. An appraisal of an income investment property.

Examinations: 2 50-minute exams.

Grade weights:

Written report #1	20% each	40%
Written report #2	20% each	40%
50 minute exams	30% each	60%
		<u>100%</u>

Nov.	5	Discounting and Compound Interest, Ch. 5	Mimeo
Nov.	8	Submission of Student Appraisal Problem	
Nov.	10	Income Estimation and Forecasting, Ch. 6	Mimeo
Nov.	12	Debt Financing and Its Influence on Income Property Valuation, Ch. 7	Mimeo
Nov.	15	Rates of Capitalization and Rates of Return, Ch. 8	Mimeo
Nov.	17	Derivation of Overall Rates, Ch. 9	Mimeo
Nov.	19	Finite Income Streams: Providing for Capital Recovery, Ch. 10	Mimeo
Nov.	22	Presentation of Student Appraisal Problem #2 (Income Property)	
Nov.	24	Finite Income Streams: Capitalization Rates and Factors, Ch. 11	Mimeo
Nov.	29	Physical Residual Techniques of Income Capitalization, Ch. 12	Mimeo
Dec.	1	An Introduction to Mortgage-Equity Capitalization, Ch. 13	Mimeo
Dec.	3-8	Mortgage Equity Capitalization: The Ellwood Method Ellwood Work Problems 1-4	Handout Handout
Dec.	10	Submission of Appraisal Problem #2	
Dec.	13 & 15	"Capitalized Income is not Market Value," <u>The Appraisal Journal</u> , Jan. 1968	Mimeo
		"Should the Traditional Appraisal Process be Restructured?" <u>The Real Estate Appraiser</u> , Nov. 1970	Mimeo