RDEV 689M Market Analysis and Valuation

This syllabus is a guide for the course and is subject to change.

Course Description:
Through the Market Analysis and Valuation course, students will understand how real estate markets work and learn the analytic techniques used to evaluate them.

Market analysis in real estate helps developers, lenders, architects, investors and other participants mitigate the risk of development projects by measuring the demand for a certain real estate asset at a certain price position compared to supply of that asset in the market. Based on that analysis, one can determine how quickly a given product will be absorbed in the market and at what price. By quantifying the supply and demand for specific real estate products in a given market area, the market analysis becomes the foundation for determining the value of a real estate product in a market.

Course Objectives:
To introduce the various public and private data sources used to support market analysis.

To discuss the differences between quantitative and qualitative analyses.

To present various analytic techniques used to evaluate data and that generate useful information to help guide decision-making.

To provide opportunities for each student to advance their analytical, business writing and presentation skills.
Course Policies

Office Hours
Students are encouraged to visit with the instructors before or after class. Students may also contact the instructors by email (preferred) or phone to discuss issues or to ask questions.

Class Location: Mowatt and Campus Drives, ARC Building 145, Room TBD

Class Dates and Times: TBD

Text:

Other readings as assigned

Computer:
Ownership of or access to a personal computer is required. It is strongly recommended that the computer use a Microsoft based operating system such as Windows 7 or Windows 8. Student should also have access to “Microsoft Office” (see software section below) or at a minimum, access to the following “Office” program components: PowerPoint, Word, and Excel.

NOTE: Much of what is done in real estate development, particularly in financial projections, is performed using Excel. Non-Windows based operating systems running Excel are known to exhibit a variety of problems/glitches.

Software (Free!):
TERPware [https://terpware.umd.edu] is the software download website for the University of Maryland, College Park. Various software products are available for download and use by UMD students, faculty, and staff through agreements managed by the Division of IT between the university and software companies.

Incoming students for the can download software beginning 24-48 hours after they have registered for classes.

Recommended software downloads available for PC:

1. Office Professional Plus 2013 – Student
2. Acrobat XI Professional
3. Windows 7 Ultimate or Windows 8 –Professional – Student (If you are currently running earlier versions of Windows such as XP).
4. Adobe Creative Suite 6

Computer Lab:
Students will work in the lab for an introduction to on-line data sources; to review data presentation techniques using Microsoft Excel.
Please check your student handbook for additional resources in the Colvin Institute and Architecture Library.

**Architecture Library:**
The architecture Library is located in Room 1102 on the upper floor of the Architecture Building. Tel: 301-405-6317. Librarians are available by appointment to assist with your research needs.

**Academic Integrity:**
Academic dishonesty is a corrosive force in the academic life of a university. It jeopardizes the quality of education and deprecates the genuine achievements of others. It is, without reservation, a responsibility of all members of the campus community to actively deter it. Apathy or acquiescence in the presence of academic dishonesty is not a neutral act. Histories of institutions demonstrate that a laissez-faire response will reinforce, perpetuate, and enlarge the scope of such misconduct. Institutional reputations for academic dishonesty are regrettable aspects of modern education. These reputations become self-fulfilling and grow, unless vigorously challenged by students and faculty alike.

All members of the University community—students, faculty, and staff—share the responsibility and authority to challenge and make known acts of apparent academic dishonesty.

Any of the following acts, when committed by a student, shall constitute academic dishonesty:

(a) **CHEATING:** Intentionally using or attempting to use unauthorized materials, information, or study aids in any academic exercise.

(b) **FABRICATION:** Intentional and unauthorized falsification or invention of any information or citation in an academic exercise.

(c) **FACILITATING ACADEMIC DISHONESTY:** Intentionally or knowingly helping or attempting to help another to violate any provision of this *Code*.

(d) **PLAGIARISM:** Intentionally or knowingly representing the words or ideas of another as one’s own in any academic exercise.

*Copying text directly from Internet sources is a form of Plagiarism!!*

The Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For group projects, if any, the boundaries for individual and group work will be provided prior to the beginning of the assignment. You should review carefully the information on the Code of Academic Integrity or the Student Honor Council at [www.studenthonor council.umd.edu/code.html](http://www.studenthonor council.umd.edu/code.html).

Each assignment and exam is should include the following pledge:

“I pledge on my honor that I have not given or received any unauthorized assistance on this assignment/examination.”
Failure to sign the pledge is not an honors offense, but neither is it a defense in case of violation of this Code. Students who do not sign the pledge will be given the opportunity to do so. Refusal to sign must be explained to the instructor. Signing or non-signing of the pledge will not be considered in grading or judicial procedures. Material submitted electronically should contain the pledge, submission implies signing the pledge.

For more information, go to: http://www.president.umd.edu/policies/iii100a.html

Course Evaluations:

University Evaluations: Your participation in the evaluation of courses through CourseEvalUM is a responsibility you hold as a student member of our academic community. Your feedback is confidential and important to the improvement of teaching and learning at the University as well as to the tenure and promotion process. CourseEvalUM will be open for you to complete your evaluations starting about two weeks prior to the last day of the term before exams begin. Please go directly to the website (www.courseevalum.umd.edu) to complete your evaluations. By completing all of your evaluations each semester, you will have the privilege of accessing online, at Testudo, the evaluation reports for the thousands of courses for which 70% or more students submitted their evaluations. More information is available at: https://www.irpa.umd.edu/Assessment/CourseEval/stdfaq.shtml.

Program Evaluations: Students also will be asked to complete a Colvin Institute (more detailed) evaluation for this course, as you have for all other RDEV courses. This will be done at one of the last class periods in the term.

Evaluations are not shared with instructors until after grades are submitted, so the more honest your evaluation (pros and cons) the more helpful in advancing the courses and curriculum for the RDEV program.

Accommodations for Students with Disabilities: Students who seek special accommodations due to disabilities please follow the procedures outlined by the Disability Support Service (DSS) and available on the web at: www.counseling.umd.edu/DSS/registration.html.

Students seeking accommodations should contact DSS before the start of the course, and should let the instructor know that accommodation will be required. Based on DDS provided information, the Instructor will meet with the student and discuss appropriate arrangements including any modified testing procedures.

Learning Assistance Service (LAS):
If you are experiencing difficulties in keeping up with the academic demands of this course, contact the Learning Assistance Service, 2202 Shoemaker Building, 301-314-7693. Their educational counselors can help with time management, reading, math, writing skills, note-taking and exam preparation skills. Of particular interest to graduate students is the opportunity to work individually with academic specialists, as well as attend any LAS workshops. LAS also have a specialized structured writing group for international graduate students. There are new web based self-instruction tools that have been collated by the Graduate School that take you directly to sites that can help with grammar and basic writing skills.
if needed. All services are free to UMD students.

If you miss 3 classes or more, or are falling behind, you will be referred to the Program Director. Additional coaching sessions may be recommended or required for students at risk of being on academic probation.

PLEASE, IF YOU NEED HELP, **ASK!**

**Attendance:**
Students are expected to attend class and to be on time for each class. If you must miss a class, please inform the instructor as soon as possible.

Students missing more than 6 hrs. +/- (two classes) from a combination of lateness or absence will be counseled about their ability to continue with the course. A third absence automatically triggers notification to the Program Director. Students who anticipate missing two classes in a row for any reason should seriously consider dropping the course.

Excused absences include: illness of the student or dependent; religious observance; at the request of University Authorities; and compelling circumstances as determined by the instructor.

It is the student’s responsibility to inform the instructor of any intended absences and **in advance** (at the beginning of the semester) for religious observances.

University policy excuses the absences of students for illness, religious observances, and participation in University activities at the request of university authorities or compelling circumstances beyond the student’s control. Students who miss a single class for a medical reason are not required to provide medical documentation, but students who are absent more than once are responsible for providing various forms of documentation, depending on the nature of the absence. For more information, see University Policy V-1.00G on Medically Necessary Absence.

Students who miss a single class (3-hour session) for a medical reason must make a reasonable effort to contact their instructor in advance, and upon return to class, present the instructor with a self-signed note which acknowledges that the information provided is accurate. Faculty must accept this note; a student’s failure to provide an accurate statement is a violation of the Honor Code. Any subsequent medical absence will required medical documentation.

In the event a student is absent for a major grading event such as an exam, presentation or project deadline, you must provide documentation of illness from a health care professional, as well as notify the instructor in advance.
**Inclement Weather:**
Official closings/delays are announced on the campus web site: [www.umd.edu](http://www.umd.edu) and through local radio and TV stations. Any loss of class time resulting from delays or closing will be rescheduled.

**Religious Observance:**
UMD policy available at: [www.president.umd.edu/policies/iii510a.html](http://www.president.umd.edu/policies/iii510a.html).

**Course Communications:**
- You are responsible for providing a working email address that will be incorporated in a group email file to be used by the instructor. You should be sure that this is also the email address that you use to receive University email (make any change in [www.testudo.umd](http://www.testudo.umd)) -- as this is where the University and Program sends graduation and other announcements; if your Testudo/University email is not the one you check regularly, you will not receive emails through the system.
- CANVAS (ELMS) will be used in this course -- check the course website regularly.
- Stay up to date with news and events at the School (and off campus) by checking the bulletin outside of Room 1111 on the second floor.

**Classroom Etiquette:**
Class starts at **7:00 pm**. A 5 - 10 minute break will be provided approximately half-way through each class. Each student is expected to be respectful and attentive when other students are making comments or asking questions. In order to maintain an atmosphere that is conducive to learning and participation, rude and disruptive behavior will not be tolerated. Please do not cross in front of any speaker when entering/existing the class.

**Personal Technology in the Classroom:**
- Use of personal technology in the class is solely for course-related purposes. Lap tops or tablets may be used in class for note taking purposes only. Students using lap tops or tablets for non-course activities during lectures may be dismissed from class.
- **Audio and or video recording during class activities is prohibited.** Violation will result in a permanent suspension from class.
- Cell phones off and put away (off the desk) during the time that class is in session. Use of phone and/or texting during class is prohibited. If you need to respond to a message, call, etc. you can do so during the class break.

**Copyright Notice:**
Class lectures and other materials are copyrighted and may not be reproduced for anything other than student personal use without written permission from the instructor.
**Course Requirements**

**Course Materials:**
In addition to required text, additional supplemental course materials will be assigned throughout the semester as supplemental course material. This additional course material will be posted on CANVAS prior to the class meeting in which reading is expected. Most material posted will be as a PDF or Excel file. Students are expected to be able to access CANVAS, download the material and access the information in the material with appropriate software.

**Class Preparation:**
In a graduate level program, preparing for your classes is a major responsibility of the student – you need to carefully read all of the assigned material and take careful notes to use in class. You must come to class with your notes, any written summaries that have been assigned and copies of the readings, and be prepared to contribute to the discussion. Assignments are due before class begins.

**Classroom Participation:**
It is essential for you to actively participate in every class meeting and discussion – this is an expectation of graduate study. This is not just something done for academic purposes, but to help you prepare for professional practice, where you will have to prepare for meetings and then actively participate. Participation is an important part of your overall graduate education.

**Major Project – Market Analysis**
The primary outcome of the course will be a complete market analysis of a multifamily development located at one of several sites in the Washington region. With this project, students will need to demonstrate their understanding of course material through research, qualitative and quantitative analysis, and written presentation. The project will be a semester long effort with specific portions or components of the project due throughout the course. Students will be assigned a specific site to evaluate following the methodologies learned in class. Students will be required to visit the site to document site and neighborhood characteristics; evaluate broad economic trends and demographic characteristics; analyze the competitive supply of similar product in the market; estimate the size of demand; develop appropriate pricing; and estimate the value of the proposed development.

Individual components of the market analysis will be due at different points throughout the semester. These components will be evaluated separately and feedback will be provided to guide students through the rest of the analysis. The final deliverable, the complete Market Feasibility Analysis Report, will draw conclusions from each of the individual components previously submitted (taking instructor feedback into account as appropriate) and offer specific recommendations for the development with respect to demand, product and pricing. The complete Market Analysis Feasibility Report will be submitted at the end of the semester.

The Market Analysis Summary Report is an individual project and is to be completed independently. It is not a team effort. However, each site will be evaluated by at least two students. After the complete report is submitted, students working on the same site will then collaborate and consolidate their conclusions and make a final presentation of their melded project. Each team of two (possibly three) will present to the loan committee made up of their fellow students, instructors and possibly invited...
guests. With the presentation, students will need to demonstrate their knowledge of market analysis by making a strong presentation for their project.

**Site Visit:**
A site visit to a multifamily community in the Washington region is tentatively scheduled date TBD. This is a required part of the course and attendance is mandatory. After the site visit, students will submit a 2 to 3 page summary of the site and the information presented. More details to follow.

**Responsive Memos and Other Assignments:**
Throughout the semester, students will be asked to summarize the information presented by guest speakers in the form of a responsive 2 to 3 page responsive memo. To receive full credit for a responsive memo the student must identify the salient points and summarize the information presented.

Other work may be assigned as needed.

**Grading:**
Students will be graded based on the assignments given throughout the semester, including, but not limited to the Market Analysis project; Responsive Memos; and other assignments as assigned. Assignment due dates are shown in the accompanying class schedule, *which is subject to change.*

Each student’s overall grade for the course will be weighted as follows:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Market Study Summary Report</td>
<td>30%</td>
</tr>
<tr>
<td>Components of Market Study</td>
<td>40%</td>
</tr>
<tr>
<td>Responsive Memos/Other Assignments</td>
<td>30%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Midterm Grade:**
Students will receive a midterm grade based on the assignments submitted during the first half of the semester. Midterm grades are intended to give students an opportunity to evaluate their performance in the class up to that point. The midterm grade will not be entered in any official University record.

**Grading – Written Assignments:**
All written assignments will receive two grades following RDEVs Over/Under grading policy for written work. The Over Grade will assess Writing Quality (organization & structure, grammar & spelling, and format), while the Under Grade will assess Content. For all written assignments, the Over Grade will be worth 25% of the overall assignment grade, while the Under Grade will be worth 75%. The student honor pledge (see below) should be included on the title page/top of first page on all submitted assignments. The standard rubric for written assignments is available on the CANVAS site.

**Submitting Assignments:**
All assignments are to be submitted electronically through the class CANVAS site prior to the start of
class. Written assignments are to be submitted in Windows-based Word .doc/.docx format. Data/chart assignments are to be submitted in Windows-based Excel .xls/.xlsx format. Do not submit files from Word or Excel for Macintosh. Students using Macintosh or other systems should submit assignments in Acrobat .pdf format. Experiment now if you are not familiar with how to create a .pdf file. **Points will be deducted for any assignment submitted late.** When submitting assignments, **be mindful of F.O.U.S’s (Files of Unusual Size).** No assignment file should be larger than 5MB in size. Above that size, the ability to transmit the file by email becomes uncertain and F.O.U.S’s are often unwieldy when reviewing/editing.

**Late Assignments:**
All assignments are to be submitted **prior to the start of class.** Any assignments submitted after 7:00pm on the day the assignment is due will be considered late. The score for late assignments submitted within 24 hours of due date/time will be automatically lowered by 10%. Assignments submitted prior to the start of the following class will receive a 50% grade reduction. Assignments submitted after the start of the following class will not be graded. If you must be late, discuss an alternate due date with one of the instructors before the required due date/time.

**Grade Expectations:**
There is no requirement that graduate students earn a B or better in every course. But you do need a 3.0 GPA to obtain your MRED degree.

**Coaching/Support:**
If you feel like you are falling behind – or in fact ARE falling behind, talk with one of the instructors as soon as possible. If you need additional support, the Program Director may arrange individual coaching, if there is a determination that such support is called for. Students who are identified by an instructor as requiring additional coaching to keep up with financial, writing or presentation skills, or who are on academic probation, are required to meet with the Director and attendance at additional coaching sessions may be required in order to continue in the program.

**Grading Conversion Scale:**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage Range</th>
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<tbody>
<tr>
<td>A+</td>
<td>100% to 97%</td>
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<tr>
<td>A</td>
<td>96% to 93%</td>
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<tr>
<td>A-</td>
<td>92% to 90%</td>
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<tr>
<td>B+</td>
<td>89% to 87%</td>
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<tr>
<td>B</td>
<td>86% to 83%</td>
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<tr>
<td>B-</td>
<td>82% to 80%</td>
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<tr>
<td>C+</td>
<td>79% to 77%</td>
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<tr>
<td>C</td>
<td>76% to 73%</td>
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<tr>
<td>C-</td>
<td>72% to 70%</td>
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</tbody>
</table>
## Course Schedule

The dates, topics, assignments, due dates etc. for the course are detailed in the course schedule which is attached and available on CANVAS. Note that the schedule is subject to change.

<table>
<thead>
<tr>
<th>Class</th>
<th>Due in Class</th>
<th>Readings for Class</th>
<th>Topic 1</th>
<th>Topic 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Case Study Response - Harrison</td>
<td>Harrison Market Study, Carn - Chap 1 &amp; 2 Making Data Meaningful</td>
<td>Introduction to Class and Course Identifying Markets: What is a Market? Introduce</td>
<td>Making Data Meaningful Data types; Charts with Excel; Data presentation</td>
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<tr>
<td>2</td>
<td>Making Data Meaningful Exercise</td>
<td>NCHMA guidelines Carn Chap 5 Trendlines 2014 Section 1</td>
<td>Site Analysis and Site Visit Review elements of market analysis; nature of locational attributes in real estate; concepts of site analysis</td>
<td>LAB: Internet Sources for Economic Analysis Review internet sources of data (BLS, Census); in class exercise to create employment chart/table</td>
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<td>3</td>
<td>Economic Charts</td>
<td>NCHMA Guidelines Trendlines Section 2 &amp; 3 Carn Chap 3</td>
<td>Economic Trends Review of economic concepts; macro economic trends impact on real estate</td>
<td>Defining Market Areas Introduce census geography; in class exercise - create market area for final project site</td>
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<td>4</td>
<td>Market Area Map Site Analysis</td>
<td>Carn Chap 7</td>
<td>GUEST SPEAKER Housing Market Economics</td>
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<td>5</td>
<td>Economic Chapter Response Memo</td>
<td>Harvard Chap 3 &amp; 4</td>
<td>Demographic Trends Review elements of market analysis; market segmentation; macro</td>
<td>LAB: Internet Sources for Demographic Analysis Review internet sources of data; introduce diff census and ACS; class exercise to create demographic chart/table</td>
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<td>6</td>
<td>Demographic Charts</td>
<td>Harvard Chapter 45 Carn Chap 5 P98-96</td>
<td>Residential Analysis Market disaggregation; Residential products</td>
<td>LAB: Analysis of Projection Review internet sources of data to estimate and project growth; Extrapolate Data</td>
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<td>7</td>
<td>Demographic Analy</td>
<td>Appraisal Specialties and Emerging Issues</td>
<td>GUEST SPEAKER In Class Appraisal Exercise</td>
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<td>8</td>
<td>Appraisal Exercise</td>
<td>Trendlines Chap 6</td>
<td>Residential Analysis Competitive analysis; review final project requirements</td>
<td>Derivation of Market Rent Product comparison; in class exercise to derive rent</td>
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<td>9</td>
<td>SITE VISIT</td>
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