

Syllabus

Course 804 - An Introduction to the Income Approach to Value

Session 1 - Principles Influencing Value

Introduction

Personal Property

Market Value and Market Price

Exercises

Basic Value Principles

Exercises

Quiz

Session 2 - Estimating Net Income

Introduction

Basic terms

Basic Steps in the Income Approach

Estimating Gross Income

Units of Measurement for Comparison

Comparison Exercise

Effective Gross Income

Analysis of Expense

Reconstructed Operating Statement

Additional Points for Consideration

Apartment Building Operating Statement

Quiz

Session 3 - Selecting the Capitalization Rate

Capitalization

Real Estate Appraisal Capitalization Terms

The IRV Formula

Risk and Return

Investment Objectives

Selecting the Interest Rate

Summation Method

Band of Investment Method

Capital Recapture

Effective Tax Rate

Effective Tax Rate Problem Solution
The Building Residual Technique
Building Residual Problem Solution
Quiz

Session 4 - Selecting the Capitalization Technique

Selecting the Capitalization Technique
The Building and Land Residual Techniques
Land Residual Solution
Which Technique to Use
The Property Residual Technique
Estimating the Recapture Rate from an Overall Rate
Recapture from the Overall Rate
Building Residual Practice
Solution
Land Residual Practice
Solution
Interest Rate Selection by Comparison
Solution
Quiz

Session 5 - Annuity and Sinking Fund Methods of Capitalization

The Inwood Annuity Method
The Inwood Annuity Table
Property Residual Technique
Reversion Table
Exercise
Solution
Compare Methods
Sinking Fund Method
Hoskold Explanation
Sinking Fund Example
Discounted Cash Flow Analysis
Quiz

Final Examination