

**REAL ESTATE MARKET ANALYSIS  
FINA 367, FALL 2014**

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Monday/Wednesday 5:30 – 6:45 PM

**COURSE DESCRIPTION:**

This course deals with concepts, methodologies and analytical tools used in urban real estate analysis. We will break the class material into three separate phases: 1) identifying and understanding market trends for RE; 2) working with data sources and techniques for markets and products; and, 3) understanding key competitive aspects of various product types. Please note: FINA 366 is a prerequisite for this course. For students requiring additional classroom hours for S.C. Real Estate licensing requirements, this course may be sufficient under certain circumstances.

**TEXTBOOK:**

REAL ESTATE MARKET ANALYSIS: A CASE STUDY APPROACH (2<sup>nd</sup> Edition)  
By Adrienne Schmitz and Deborah L. Brett

**CLASS ATTENDANCE POLICIES:**

The University Policy (Undergraduate Bulletin) provides that a grade penalty may be extracted for missing 10% of class meetings. Furthermore, as a case study class, participation in class discussions is highly recommended. Students may earn extra credit through regular quality participation in discussions, at the sole discretion of the Instructor.

**HONOR CODE:**

Adherence to the University of South Carolina's Honor Code will be strictly enforced.

**USE OF THE TEXT AND CLASSROOM DISCUSSION:**

The text shall serve as the underlying framework for the class. The text will not be consistently and rigorously reviewed in each class. Key concepts and methodologies will be explored, and the text will serve as the launching point for the exploration of related issues, concepts and challenges. Students will need to read ahead to be prepared for discussions. Our approach to the material will be broad in scope, incorporating elements of site and market analysis beyond simple demographic studies. Students will be responsible for material covered in the text and material covered in class discussions. As some of the issues that arise will be a function of class discussions or case studies examined, class discussion material will not be available in advance of each class, and

may or may not be available after the class. Each student is solely responsible for taking whatever notes may be necessary to prepare for exams.

As a case study class and due to the use of a discussion oriented teaching methodology, participation in class discussions is strongly advised. While a failure to participate in discussions will not result in points being taken off, up to five points may be added to your final average based upon your participation in class discussions. The awarding of points will be based upon the quality of the participation as much as on the consistency of participation. The awarding of these additional points will be based upon the subjective evaluation of your participation over the entire class period.

### **GRADING:**

Grades will be assigned using the standard “A,B, etc., scheme”, where “A” represents a cumulative average of 91-100, a “B” represents a cumulative average of 81-90, a “C” represents a cumulative average of 71-80, a “D” represents a cumulative average of 62-70, and an “F” represents a cumulative average of 61 or lower. Any grade in the top 2 points of its respective range will be considered a “+” grade. Final grades will be determined by a mid-term exam, a final exam, and a project assignment. The two exams will represent 80% of the of the final grade, and the project counts for 20%, although final grades may be adjusted upward for up to 4 points for participation in class discussion as described above (consistent quality participation being preferred over simple quantity). Exam questions will be taken from the text, class discussions, and information provided by guest speakers, and will consist of both multiple choice and essay sections.

### **COURSE OBJECTIVES**

The following represent some of the key general objectives of the course:

1. Clearly highlight the critical link between the physical location and the market/economic context of a real estate product to its viability.
2. Highlight the key terminology and resources used to determine, measure and express market measurements and considerations for each real estate product.
3. Enhance the text with “real world” examples, analysis and discussion.
4. Challenge the students to understand and appreciate the detailed and logical analytical process required for any thorough project analysis.
5. Highlight the importance of viewing different projects critically when assessing its potential.
6. Provide some exposure to the significance and importance of a range of longer term forecasting tools and practices.
7. Convey to each student the significance of the broad range of nuances that can affect the potential for success in any product or location.

## GENERAL CLASS AGENDA:

The following is the current projected class agenda, although this may be subject to change depending on the pace of the discussions.

8/25/2014	Real Estate	Introductions Real Estate - Not Toothpaste, Not Wine
8/27/2014	Real Estate	Real Estate Basic Terminology
9/1/2014		<b>Labor Day - No Class</b>
9/3/2014	Real Estate	Zoning, Land Planning, Land Use
9/8/2014	Real Estate	Construction styles/Designing for Users
9/10/2014	Real Estate	Emerging Trends/Adaptive Re-use
9/15/2014	Defining Markets	Demographics/Global Trending
9/17/2014	Defining Markets	Birth Rates/Capital Cycles
9/22/2014	Defining Markets	Regional Trending/Cultural Impacts/Planning Issues
9/24/2014	Data Sources	
9/29/2014	Data Sources	
10/1/2014	Data Sources	
10/6/2014		Midterm Exam
10/8/2014	Product Specific	Land
10/13/2014	Product Specific	Single Family
10/15/2014	Product Specific	Multifamily
10/20/2014	Product Specific	Timeshare/Condos
10/22/2014	Product Specific	<b>No Class - Group Project Workday</b>
10/27/2014	Product Specific	Retail
10/29/2014	Product Specific	Office
11/3/2014	Product Specific	Warehouse/Industrial
11/5/2014	Product Specific	Hotels/Resorts
11/10/2014	Product Specific	Mixed Use
11/12/2014	Product Specific	Mixed Use
11/17/2014		Group Presentations
11/19/2014		Group Presentations
11/24/2014		Group Presentations
11/26/2014		<b>Thanksgiving - No Class</b>
12/1/2014	RE Case Test	
12/3/2014	Summary/Exam Prep	

## REAL ESTATE MARKET ANALYSIS PROJECT

Each student (or possibly teams, depending on time and class enrollment) will make a market analysis presentation on a property they have selected. The presentation will entail both making the presentation to the class and a short question and answer period. The presenter(s) will be graded upon the thoroughness of the analysis and the responses to questions. Every group must provide a written copy of their presentation (printed Powerpoint is acceptable) at the beginning of class on November 17<sup>th</sup>, regardless of when

they are scheduled to present. This is intended to keep the “playing field level” so those that present later do not benefit from those that go early. Data sources used should be those generally available to the entire class and not proprietary or subscription sources available through work or other private means.

Specifically, the project will include the following steps:

- A. Locate a parcel of real estate currently for sale you feel has promise. Obtain the number of and contact the real estate agent, state your intent and request an interview. Most agents will gladly assist you with your study. When you have identified your site, notify the Instructor so that site is reserved for you. Duplicate presentations on sites must be avoided, and the first party notifying the Instructor (via e-mail, please) will have claim to that site. If one changes sites, the Instructor must be notified of that change. Claims on sites are “first come, first served”, so start your site selection early. Please avoid selecting a single house lot, although sites that might accommodate development of multiple residences are acceptable. Also, avoid selecting an existing building simply to evaluate it for its originally intended purpose, although buildings selected for adaptive re-use are acceptable.
- B. The purpose of the study is to make an analysis of the property to determine its feasibility and marketability for the proposed use. As is the case with any market study, clearly identifying and clarifying your proposed use is a key element of the exercise. You also may wish to discuss alternative uses you considered.
- C. Assume you are making your presentation to a group of investors who have hired you help them make a decision regarding the purchase of the property.
- D. The report must contain the following:
  - 1. A map showing the location of the Property.
  - 2. A brief history of the Property
  - 3. Zoning status and zoning constraints.
  - 4. Availability of utilities and location of utilities.
  - 5. A copy of the tax map for the Property
  - 6. Photos of the property and adjoining properties.
  - 7. Potential development issues, conflicts and positive attributes.
  - 8. Influence of nearby properties.
  - 9. General development trends in the area in recent years.
  - 10. Summary of suggested uses for the property, with the pros and cons for each use. Please include a primary use and a “fall back” option, if available.
  - 11. Feasibility of developing the property in the current market. (Some attempt should be made to get comparable rents or sales prices for the recommended product.)

## 12. Overall summary assessment and recommendation.

In making the presentation, you may use Powerpoint or other approaches you feel appropriate. Presentations should be limited to 10 – 15 minutes with up to 10 minutes for questions.