

Course outline

Code: PED210

Title: Principles of Property Valuation

Faculty of Arts, Business and Law

School of Business

Teaching Session: Semester 1

Year: 2017

Course Coordinator: **Dr Steven Boyd**

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Consultation Times: As advised on Blackboard

1. What is this course about?

1.1 Course description

Building on prior learning of property and economic theory this course enables you to gain a theoretical understanding of industry standard market valuation methods for residential and simple income producing properties. Assignment work provides practical experience of the processes involved in the reporting and valuation of residential property assets. Throughout, the course emphasises the need for the valuer to maintain the highest standards of ethical and professional behaviour, in all aspects of their work.

1.2 Course content

- Overview of course
- Intro to Valuation Principles
- Overview - Primary Valuation Methods
- Comparison - Residential Valuation
- Residential Valuation Method and Report Writing
- Valuation of Income Streams
- Property Income Valuation Techniques – Capitalisation of Net Income
- Residual (Hypothetical Development) Method
- Depreciated Replacement Cost Valuation – (Summation Method)
- Valuation Standards

2. Unit value

12 units

3. How does this course contribute to my learning?

Specific Learning Outcomes	Assessment Tasks	Graduate Qualities
On successful completion of this course you should be able to:	You will be assessed on the learning outcome in task/s:	Completing these tasks successfully will contribute to you becoming:
Demonstrate the ability to inspect residential property assets and determine their market value attributes.	1	Knowledgeable. Ethical.
Understand and apply contemporary property industry market research tools to the estimate of market value.	2 and 3	Empowered. Knowledgeable.
Plan, design and communicate the valuation of a residential property in an industry standard valuation report.	2	Empowered. Ethical.
Demonstrate an understanding of industry standard valuation methods for simple income producing property assets, fire-sale and insurance replacement assessment and the estimate of residual land values.	3	Empowered. Knowledgeable.

4. Am I eligible to enrol in this course?

Refer to the *Coursework Programs and Awards - Academic Policy* for definitions of “pre-requisites, co-requisites and anti-requisites”

4.1 Enrolment restrictions

Nil

4.2 Pre-requisites

Nil

4.3 Co-requisites

BUS102 or enrolled in SC410

4.4 Anti-requisites

PAM211

4.5 Specific assumed prior knowledge and skills

N/A

5. How am I going to be assessed?

5.1 Grading scale

Standard – High Distinction (HD), Distinction (DN), Credit (CR), Pass (PS), Fail (FL)

Course Outline: PED210 Principles of Property Valuation

5.2 Assessment tasks

Task No.	Assessment Tasks	Individual or Group	Weighting %	What is the duration / length?	When should I submit?	Where should I submit it?
1	Essay	Individual	20%	1,500 words	Week 5, Tuesday 5pm (AEST)	SafeAssign
2	Valuation Report	Individual	30%	2,000 words	Week 12, Tuesday 5pm (AEST)	SafeAssign
3	Exam	Individual	50%	2 hours	Central examination period	In exam venue

Assessment Task 1: Essay

Goal:	You will experience the complexities of residential property inspections for valuation purposes.	
Product:	Written essay with a maximum word count of 1,500 words.	
Format:	This is an individual assessment. See USC Portal (Blackboard) for more information.	
Criteria	<ul style="list-style-type: none"> • Appropriateness of content in its 'description' of the subject property. • The essay's effectiveness in relating, in appropriate detail, your inspection experience. • The essay should be concise and well-structured while still covering all relevant material. • The essay should demonstrate your practical application of learned course and other materials. 	
Generic skill assessed	Skill assessment level	
Organisation	Developing	
Communication	Developing	

Assessment Task 2: Valuation Report

Goal:	Search, analyse and apply property data sets and appropriate valuation methods to estimate the market value of a residential property asset.	
Product:	Written report with a maximum word count of 2,000 words. See USC Portal (Blackboard) for more information.	
Format:	See USC Portal (Blackboard) for more information.	
Criteria	<ul style="list-style-type: none"> • Communicate, using an industry standard report format, a fully researched and appropriately referenced residential property market valuation. • Provide valid comparable sales evidence (referenced to appropriate sales data sources) to support the estimate of open market value. • Demonstrate an understanding of micro and macroeconomic factors influencing residential property values via a detailed market commentary specifically related to the subject property. <p>See USC Portal (Blackboard) for more information.</p>	
Generic skill assessed	Skill assessment level	
Communication	Developing	
Problem solving	Developing	

Course Outline: PED210 Principles of Property Valuation

Assessment Task 3: Exam

Goal:	Test your ability to solve property valuation problems under exam conditions, and to communicate your solutions effectively.
Product:	Closed book examination of two hour duration with a 10 minute perusal period See USC Portal (Blackboard) for more information.
Format:	See USC Portal (Blackboard) for more information.
Criteria	Within each examination question answer you will need to demonstrate: <ul style="list-style-type: none"> • a clear understanding of the course and other materials appropriate to the question • an appropriate level of critical thinking and analysis • an informed discussion of the primary issues with answers framed in a logical and cogent manner • where appropriate the application of relevant market / industry data • an awareness of the required professional and ethical standards expected of a professional property valuer
Generic skill assessed	Skill assessment level
Communication	Developing
Problem Solving	Developing

5.3 Additional assessment requirements**Plagiarism**

In order to minimise incidents of plagiarism and collusion, this course may require that some of its assessment tasks, when submitted to Blackboard, are electronically checked through SafeAssign. This software allows for text comparisons to be made between your submitted assessment item and all other work that SafeAssign has access to.

Eligibility for Supplementary Assessment

Your eligibility for supplementary assessment in a course is dependent of the following conditions applying:

- The final mark is in the percentage range 47% to 49.4%
- The course is graded using the Standard Grading scale
- You have not failed an assessment task in the course due to academic misconduct

5.4 Submission penalties

Late submission of assessment tasks will be penalised at the following maximum rate:

- 5% (of the assessment task's identified value) per day for the first two days from the date identified as the due date for the assessment task.
- 10% (of the assessment task's identified value) for the third day
- 20% (of the assessment task's identified value) for the fourth day and subsequent days up to and including seven days from the date identified as the due date for the assessment task.
- A result of zero is awarded for an assessment task submitted after seven days from the date identified as the due date for the assessment task.

Weekdays and weekends are included in the calculation of days late. To request an extension you must contact your course coordinator to negotiate an outcome.

6. How is the course offered?**6.1 Directed study hours**

On campus Lecture: 2 hours per week

On campus Tutorial: 1 hour per week

Course Outline: PED210 Principles of Property Valuation

6.2 Teaching semester/session(s) offered

Semester 1

6.3 Course activities

Teaching Week / Module	What key concepts/content will I learn?	What activities will I engage in to learn the concepts/content?	
		Directed Study Activities	Independent Study Activities
1	Introduction <ul style="list-style-type: none"> • Overview of course • The property valuer as a professional • Property market segmentation characteristics • Valuer Registration & Codes of Conduct 	Lecture	Text and handouts
2	Intro to Valuation Principles <ul style="list-style-type: none"> • Definition of Open Market Value (OMV) • Cost vs Value • Determinants of value 	Lecture Tutorial	Text and handouts
3	Overview - Primary Valuation Methods <ul style="list-style-type: none"> • Comparison • Net Income • Residual • Depreciated Replacement Cost (Summation) 	Lecture Tutorial	Text and handouts
4	Comparison - Residential Valuation <ul style="list-style-type: none"> • Market segmentation. Owner occupation. The investment market – Affordability and Housing Policy – Market implications • Property attributes and implications for value • Types of valuation – mortgage security - tax – family settlement • Instructions and inspections 	Lecture Tutorial Methods of Measurement	Text and handouts
5	Residential Valuation Method and Report Writing. <ul style="list-style-type: none"> • Establishing Highest and Best Use • Comparability Analysis (use of Comp Matrix and other quantitative methods) • Database models – Proprietary and Private RP Data • Estimation of OMV • Insurance replacement calculation. • Fire sales. • Report Content and format • Duty of Care • Caveats and exclusions • Appendices 	Lecture Tutorial	Text and handouts

Course Outline: PED210 Principles of Property Valuation

6	Valuation of Income Streams <ul style="list-style-type: none"> • Elementary Financial Maths – Time Value of Money Formulae • TVM and its application to property valuation • Simple valuation of Rack Rented Commercial Investment Property Approaches to Owner Occupied and Investment Properties	Lecture Tutorial	Text and handouts
Mid Semester Break			
7 <i>Monday, 17th April</i> <i>Easter Monday</i> <i>Public Holiday</i>	Property Income Valuation Techniques – Capitalisation of Net Income <ul style="list-style-type: none"> • Income flow evaluation <ul style="list-style-type: none"> ○ Market rental estimation – comparable analysis ○ Gross Income ○ Budgeted / Actual Outgoings ○ True Net Income • Other Income streams <ul style="list-style-type: none"> ○ Signage ○ Naming Rights ○ Car Parking ○ Irregular ○ Market evidence 	Lecture Tutorial	Text and handouts
8 <i>Tuesday, 25th April</i> <i>ANZAC Day</i> <i>Public Holiday</i>	<ul style="list-style-type: none"> • Income Multiplier – Capitalisation Rate <ul style="list-style-type: none"> ○ Morphology - growth implicit all risk yield ○ Selection /Risk Analysis ○ Sensitivity ○ Other incomes capitalisation • Yields <ul style="list-style-type: none"> ○ Initial ○ Reversionary ○ Equivalent 	Lecture Tutorial	Text and handouts
9 <i>Monday, 1st May</i> <i>Labour Day</i> <i>Public Holiday</i>	<ul style="list-style-type: none"> • Periodic & Perpetual Vacancies • Income Risk and Risk Management <ul style="list-style-type: none"> ○ Income security ○ Commercial Leases – lease analysis <ul style="list-style-type: none"> ▪ RR Clause ▪ Other essential clauses ▪ Incentives • Valuing Rack Rented Freehold Properties – YP Perp • Valuing Reversionary Income Properties <ul style="list-style-type: none"> ○ Term & Reversion Method Layer Method	Lecture Tutorial	Text and handouts

Course Outline: PED210 Principles of Property Valuation

10	Residual (Hypothetical Development) Method <ul style="list-style-type: none"> • End Value (Development on completion) • Development Cost <ul style="list-style-type: none"> ○ Infrastructure & Services ○ Construction ○ Ancillaries ○ Contingencies • Finance over development period • Legal, selling & other fees • PV of residual land value 	Lecture Tutorial	Text and handouts
11	Depreciated Replacement Cost Valuation – (Summation Method) <ul style="list-style-type: none"> • Appropriate use – limitations • Estimation of Land Value • Estimation of value of improvements • Depreciation of improvements 	Lecture Tutorial	Text and handouts
12	<ul style="list-style-type: none"> • Intro to Valuation of Terminable Interests - Leases 	Lecture Tutorial	Text and handouts
13	Valuation Standards <ul style="list-style-type: none"> • API Code of Ethics • API Rules of Conduct 	Lecture Tutorial	Text and handouts
Study Period			
Central Examination Period			
End of Semester Break			

Please note that the course activities may be subject to variation.

7. What resources do I need to undertake this course?

7.1 Prescribed text(s)

Please note that you need to have regular access to the resource(s) listed below:

Author	Year	Title	Publisher
Australian Property Institute	2005	<i>Valuation Principles and Practice</i>	Australian Property Institute
Australian Property Institute (API)	2007	<i>Glossary of Property Terms</i>	Australian Property Institute

7.2 Required and recommended readings

Lists of required and recommended readings may be found for this course on its Blackboard site. These materials/readings will assist you in preparing for tutorials and assignments, and will provide further information regarding particular aspects of your course.

7.3 Specific requirements

N/A

7.4 Risk management

Health and safety risks have been assessed as low. It is your responsibility to research and understand risks of specific courses and to review the USC's health and safety principles by viewing the online induction training for students.

8. How can I obtain help with my studies?

In the first instance you should contact your tutor, then the Course Coordinator. Additional assistance is provided to all students through Peer Advisors and Academic Skills Advisors. You can drop in or book an appointment. To book: Tel: +61 7 5430 2890 or Email: studentcentral@usc.edu.au

9. Links to relevant University policies and procedures

For more information on Academic Learning & Teaching categories including:

- Assessment: Courses and Coursework Programs
- Review of Assessment and Final Grades
- Supplementary Assessment
- Administration of Central Examinations
- Deferred Examinations
- Student Academic Misconduct
- Students with a Disability

<http://www.usc.edu.au/university/governance-and-executive/policies-and-procedures#academic-learning-and-teaching>

10. General enquiries

In person:

- **Sippy Downs** - Student Central, Ground Floor, Building C
- **USC SouthBank** - Student Central, Building B, Ground floor (level 1)
- **USC Gympie** - Student Central, 71 Cartwright Road, Gympie
- **USC Fraser Coast** - Student Central, Building A

Tel: +61 7 5430 2890

Email: studentcentral@usc.edu.au