

Table of Contents

Overview	v
Course Schedule	ix

SECTION 1

Part 1. Overview of the Income Capitalization Approach

The Income Capitalization Approach and the Mixed-Use Property.....	3
Relationships of Income and Value	5
Relationship of the Income Capitalization Approach to Value Influences and Appraisal Principles	6
Interests That Can Be Valued Using the Income Capitalization Approach.....	7
Sources of Income for Real Property.	8
Components of a Reconstructed Operating Income Statement for Appraisal Purposes.	9
Direct Capitalization and Yield Capitalization.	12
Rates and Factors Used in Direct Capitalization.....	13
Elements of Comparison in the Income Capitalization Approach.....	15
Sources of Income and Expense Data.	16
The Income Capitalization Approach and Compliance with USPAP.....	16

Part 2. Development of a Reconstructed Operating Statement: Estimates of Income and Vacancy and Collection Loss

Lease Analysis.....	21
Vacancy and Collection Loss Estimate.....	53
Effective Gross Income Estimates.....	55

Part 3. Development of a Reconstructed Operating Statement: Analysis of Operating Expenses

Operating Expense Analysis.....	63
Fixed Expenses	64
Variable Expenses	68
Replacement Allowance	71

SECTION 2

Part 4. Development of a Reconstructed Operating Statement: Net Operating Income, Equity Dividend, and Ratios

Net Operating Income (I_o) Estimate.....	77
Reconstructed Operating Statement.....	78
Ratios Used in the Income Capitalization Approach.....	79

Part 5. Application of Direct Capitalization

Gross Income Multiplier (GIM)	99
Capitalization (Income) Rates	107
Homework Assignment	129

SECTION 3

Part 6. Case Study Applications

Assignment for Case Study: Mixed-Use Property	155
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SECTION 4

Part 7. Reconciliation in the Income Capitalization Approach

The Reconciliation Process.....	159
Tests of Reasonableness.....	166
Consistency Issues in Final Reconciliation	166
Preparing for the Exam.....	167
Exam Content	167

Case Study

Appendix

Commercial Lease

Overview

Course Description

In many markets, lenders, attorneys, and other clients and users of appraisal services are requesting appraisals of small, income-producing residential and mixed-use properties. *Income Valuation of Small, Mixed-Use Properties* is designed for appraisers who wish to learn how to apply the income capitalization approach to such properties.

This course includes 15 class hours plus a one-hour exam. Most of the instruction and background information are presented on the first day, using lectures and in-class problem-solving techniques. The second day is devoted primarily to homework review and case study applications.

The course covers application of direct capitalization without extensive mathematical formulas or compound interest analysis. The components of yield capitalization are referred to only for comparison. When participants complete the course, they should have a better understanding of how to apply direct capitalization to a mixed-use property.

The lectures presented during the first day cover the theory of direct capitalization, development of potential and effective gross income estimates, operating expense analysis, and development of rates and factors used in direct capitalization. The material emphasizes potential gross income multipliers (*PGIMs*), effective gross income multipliers (*EGIMs*), and overall capitalization rates (R_o s), including their derivation, development, and applications.

The conclusion of the course deals with the process of reconciling the findings and various rates and factors in the income capitalization approach.

Learning Enhancements

The course has been designed with a variety of elements to enhance your learning experience.

- **Preview.** To give you a taste of what is to come, you will find a Preview page that begins each Part. Included on the Preview page is a brief overview of the content and learning objectives to consider as you move through the content that will assist you in understanding the information you're about to learn.
- **Learning Objectives.** Each learning objective covers essential information you need to know to fully understand the concepts in the course. Look them over before the Part begins so that you have a frame of reference as you move through the material. At the end of each Part, reread the objectives. Are you able to do what is stated? If not, this is the time to ask your instructor for help or review the concepts that you do not understand.
- **In-class Problems.** Supplementing the discussions, we've included in-class problems to help you visualize and practice what you are learning.
- **Review.** Each Part concludes with a Review page that repeats the learning objectives that were covered.

Classroom Guidelines

To make the learning environment a positive experience for everyone attending, please follow these guidelines when class is in session:

- 100% attendance is required. No exceptions.
- Refrain from using short-range wireless technology.
- Limit use of computers to classroom projects.
- Communicate with business associates during break time instead of class time.
- Put away reading materials such as newspapers and books that are not used in class.
- Please silence cell phones.
- Use recording devices only if prior permission has been granted.
- Refrain from ongoing conversations with those seated near you and other distracting behavior.

General Information

- **Calculators.** A financial calculator is required. The accepted model used in the course is the HP-12C.

For additional help, go to the “Using a Financial Calculator” section of the Appraisal Institute’s Web site:

http://www.appraisalinstitute.org/education/fin_calc.aspx.

- **Breaks.** There will be two 10-minute breaks during the morning session and two 10-minute breaks during the afternoon session unless noted otherwise by the course sponsor. The lunch break is one hour.
- **Attendance sheets** will be distributed during class to verify your attendance during the morning and afternoon sessions.
- **Certificates of completion** will be e-mailed after completion of the course, and attendance during the entire course is required.

Recommended Text

- *The Appraisal of Real Estate*, 13th ed.