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Overview

Seminar Description

Contract or Effective Rent: Finding the Real Rent is a half-day, four-hour seminar designed for participants who want to examine the difference between contract rent and effective rent and learn how this difference must be addressed in the valuation of real estate. Real estate appraisers and consultants, leasing agents, property managers, accounting professionals, and investors may find the content applicable to their everyday work or be able to incorporate effective rent into their valuation or consulting work.

The seminar uses a combination of lecture, discussion questions, examples, and problems to address, conceptually and with a case study, the situations in which effective rent arises and the reasons that effective rent needs to be determined for valuation and evaluation, such as consulting purposes. The seminar covers the three methods used by market participants to determine effective rent for leases involving landlord concessions and non-market based provisions. The class will discuss how the impact of effective rent is reflected in the valuation approaches. Participants should be familiar with discounted cash flow concepts and general valuation approaches. In-class examples and problems will be demonstrated and solved with the HP-12C calculator. The case study material will be demonstrated in Excel, and a basic working knowledge of Excel is helpful but not required.

Learning Enhancements

The seminar was 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, learning objectives to consider as you move through the content, and learning tips 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 seminar. 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.
- **Case Study.** The case study contains real-world exercises that provide practice in applying the methodologies presented in the seminar.
- **Examples, Problems, and Discussion Questions.** Supplementing the lectures, we've included examples, problems, and discussion questions to help you visualize and practice what you are learning.

- **Review.** Each part concludes with a review. Included in the review are the learning objectives and key terms and concepts that have been covered. Also, we've provided recommended readings from textbooks that will reinforce what you have learned in class.
- **Digging Deeper.** Advanced information appears at the end of some parts and sections. It is included for self-study for participants who want more information about a topic.

Classroom Guidelines

To make the classroom environment a positive experience for everyone attending, we have some guidelines for your consideration:

- 100% attendance is required. No exceptions.
- Limit use of computers and wireless devices 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.
- Silence cell phones.
- Please do not record the lectures. Recordings are not permitted.
- Refrain from ongoing conversations with those seated near you and other distracting behavior.

General Information

- **Calculator.** A financial calculator is required. The accepted model used in the seminar is the HP-12C.
- **Laptop computer and spreadsheet program.** It is recommended that participants bring a laptop computer with Microsoft Excel 2007, 2010, or 2013 loaded and operating. Participants can download a free evaluation copy (good for 60 days). Go to www.microsoft.com, look under Office and then Office Trials for the download link.
- **Excel file to download.** It is recommended that participants download the Excel file used for the case study. It is on a secure link connected to the registration process. This file should be placed on the hard drive in an easy-to-locate folder.
- **Breaks.** There will be two 10-minute breaks during the seminar unless noted otherwise by the seminar sponsor.

- **Attendance sheets** will be distributed during class to verify your attendance during the seminar.
- **Certificates of completion** will be e-mailed after completion of the seminar, and attendance during the entire seminar is required.

Recommended Text

The Appraisal of Real Estate, 14th ed. Chicago: Appraisal Institute, 2013

Recommended Resources

Advanced Concepts and Case Studies course handbook (an Appraisal Institute course)

Advanced Income Capitalization course handbook (an Appraisal Institute course)