



## REAL\*3810 Real Estate Market Analysis

Fall 2019

0.5 Credits

### General Course Information

*Instructor* Paul Anglin

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Please include the course number in the subject line or your message may be deleted without being read. Some questions can be answered by checking Courselink.

*Office Location* MINS 213F

*Office Hours* Tuesdays/Thursdays 4:30- 5:30 pm or by appointment (given generously)

*Department* Marketing and Consumer Studies

*Class Schedule* Tuesdays and Thursdays 1:00- 2:20

*Room:* MCLN 107

*Pre-requisites* REAL\*1820 and (ECON\*2740 or STAT\*2060)

### Course Description

In this course, students examine the processes used to analyze supply and demand in the real estate market. The course focuses on using research methodologies to define the scope of analysis; identify data needs; collect information from various sources, including on-line resources; and interpret the results. Applications to different property types are discussed. Current market trends are also examined. As well, the course deals with marketing real estate: listing procedures, advertising, negotiating.

### Course Learning Outcomes

When finished, a student should be able to

- a) Create a thoughtful business plan
- b) Evaluate data sources and describe data
- c) Analyse market trends and property-specific features, including distinguishing an “indicator” and a “driver”
- d) Estimate multivariate relationships using regression analysis, and to apply the output for purposes of prediction, hypothesis testing, Sensitivity Analysis and What If Analysis
- e) Recognize the difference between statistical significance and operational significance, and to discriminate between “important” and “trivia”

### Course Resources

#### Required Text

Schmitz, A., and D. Brett, 2009 *Real Estate Market Analysis*, Urban Land Institute, second edition

#### Other Resources

Please see Courselink for a variety of supplements. In particular, you may also wish to read the file called “Take Away Ideas”. Though the current version is from last year’s class, and each year’s course is slightly different, it does not change so much that last year’s ideas become “wrong”.

## Course Assessment

Your performance will be evaluated based on the following:

	Weight	Approximate Due Date	Relationship to Learning Objectives
Case I	10%	October 8	b, d
Case II (A, B)	10%	A: on or before Oct. 17 B: on or before Nov. 14	b, c, e
On-line Case	10%	November 20	b, c, e
Neighbourhood Report	5%	November 7	b, e
Midterm	30%	October 22	a, b, c, d, e
Final Exam	35%	Dec. 12 2:30	a, b, c, d, e

## Course Philosophy and Approach

For many students, the real challenge will not be found in “what learning objectives are covered” but in what they need to “uncover” or “discover” for themselves. While many of the ideas in this course have been explored in pre-requisite courses separately, good market analysis requires a student to “put it all together”. Attempting to combine ideas, and finding that they almost-but-not-quite fit, may uncover points of confusion not noticed before.

The course emphasizes the operational implications of market analysis from a user’s perspective in ways which account for imperfections. Some students may find this perspective challenging because an easy way to get a good grade in a technical course, while evading a conceptual question, is to offer a list of additional technical and theoretical concepts which should be considered (even if the student does not know how they could be measured). And an easy way to get a good grade in a conceptual class, while evading a technical question, is to offer a long list of other concepts which could be considered (even if they are possible but their effects are trivial). In this class, realism dictates that you should focus on non-trivial measurable concepts to tell a story that leads to a decision: each item on a list of “things to think about” should be matched with a data source, that you should be aware of flaws in data even if it is of the highest possible quality and that it be relevant to a decision.

Data should be gathered and data sources should be checked before making an evidence-based decision but the important ideas in this course *cannot* be summarized in to a checklist which, if used, will guarantee success. A good research process treats risk and uncertainty with respect: be constructively skeptical (which is not the same thing as criticizing), be curious, consider alternative explanations of a given fact.

Sometimes, you may ask “why is ... necessary for market analysis?”. Often my response would emphasize that ... is part of a rigorous research process because you do not start analysis by knowing its conclusion. There are many ways to mislead yourself (and others) if you start by thinking that you know the conclusion or an implied business decision. A related lesson may be that, since opportunities start as surprises, look for them and then investigate more carefully.

**Tentative Course Schedule**

<b>Class</b>	<b>Date</b>	<b>Topics and Associated Readings</b>
1	Sept. 5	Introduction (SB Ch. 1) Market analysis produces evidence for a Business Plan (see Notes on Business Plans and on Financial Statements) Students should read <a href="https://renx.ca/">https://renx.ca/</a> or <a href="https://www.bisnow.com/toronto">https://www.bisnow.com/toronto</a> Interesting annual report <a href="https://www.pwc.com/ca/en/industries/real-estate/emerging-trends-in-real-estate-2019.html">https://www.pwc.com/ca/en/industries/real-estate/emerging-trends-in-real-estate-2019.html</a> (see links to sections on other parts of the world)
2	Sept. 10	Business plans (cont.) Basics of Market Analysis (SB Ch. 2 and 3)
3	Sept. 12	Residential Property (SB Ch. 4)
4	Sept. 17	Consumers
	Sept. 19	More on Consumers
5	Sept. 24	Estimation and Prediction: Lab on Price Functions (Please you read the Step-by-Step Instructions before class begins. For lots more info, see Notes on Hedonic Price Functions.
6	Sept. 26	Guest Speaker: Sally Turner (SVN Rock Advisors Inc., <a href="https://svnrock.ca/company/">https://svnrock.ca/company/</a> )
7	October 1	Prediction I: Sensitivity Analysis and What if Analysis
8	October 3	Prediction II: Puzzles and Reliability Problems: Questions to ask a Consultant
9	October 8	Case I: Guelph Apartment Market
10	October 10	Office and Industrial Property (SB Ch. 6)
	October 15	Fall Study Break
11	October 17	More on Office and Industrial Property
12	October 22	Midterm Test
13	October 24	Retail Property (SB Ch. 5)
14	October 29	Review of Midterm
15	October 31	Guest Speaker: Karl Innanen (Colliers, <a href="http://www.colliers.com/">http://www.colliers.com/</a> )
16	Nov. 5	More on Retail
17	Nov. 7	Trend Analysis and Extrapolation
18	Nov. 12	Guest Speaker: Roelof van Dijk (CoStar Group <a href="http://costargroup.ca/">http://costargroup.ca/</a> )
19	Nov. 14	Lab on evaluating time series forecasts Forecast error statistics <a href="http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/data-files/error-statistics.cfm">http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/data-files/error-statistics.cfm</a>
20	Nov. 19	Planning Process (e.g. LPAT, formerly the OMB)
21	Nov. 21	Guest Speaker: Astrid Clos (Astrid J. Clos Planning Consultants)
22	Nov. 26	Property Taxes and Municipal Finances
23	Nov. 28	"The Ultimate Lecture" (i.e. your choice)

*Note: The schedule of learning activities may require modification from time to time. Any changes will be announced in class and/or on the Course link.*

## Course Policies

All students are expected to abide by the University's academic regulations in the completion of their academic work, as set out in the undergraduate calendar (see <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/index.shtml>). Some regulations are highlighted below:

*On-Line Communication:* If relevant, I will communicate with you via your uoguelph.ca email account or Courselink. Please check them from time to time. While I try to check my email daily, you can reasonably expect a response from me within 48 hours.

*Attendance:* This course involves substantial discussion designed to identify the scope of a problem before attempting to solve it. Thus, attendance and participation are encouraged. It will also help to read the relevant material before arriving in class, in order to know what might be confusing and to ask clarifying questions.

*Explanation:* Tests, and reports will be marked based on the ability to explain your answer. A simple statement of an answer is not good enough since it may be wrong, since it cannot convince somebody who does not already believe in that answer and since it reveals no insight or awareness on your part that might spark a helpful comment from your audience. Further, your ability to explain an answer depends on being able to identify the relevant question. For further details, please read the two files I posted on Courselink concerning Explaining and Writing.

*Submitting:* Case reports or assignments must be handed in at or before the beginning of class when it is due unless stated otherwise, since the class discussion on that day may focus on the case material. Electronic submission is acceptable with one condition and one strong suggestion. First, that you trust the quality and the layout used by my printer; docx or pdf formats are acceptable. And, mostly for my benefit, I strongly suggest that you use a unique name for the file: a name such as "3810 JD.Case 1.docx" is much better than a name used by everybody else (i.e. "Case 1.docx").

*Team Work:* This skill is something that is prized by employers and is something you should learn during your time here. For advice on working effectively in a group, please see the Learning Commons <http://www.lib.uoguelph.ca/get-assistance/studying/group-work-presentations/group-work> Ultimately, a group is more effective if meetings start and end on time, if people accept responsibility, if discussions focus on problems not personality issues, and so on. If your group has a problem, try to fix it yourselves first. If that is not enough then somebody should send an email to the group *before the deadline* outlining the issue and include me in the cc. Be sure to fill out a Peer Evaluation and to submit it.

*Sickness:* If you are forced to miss the midterm test *for reasons outside of your control*, please bring me a doctor's note or other evidence within one week. If accepted, the weight for that test will be divided amongst the other graded items. To the best of your ability, I expect you to tell me of a situation ASAP.

*Final examination conflict:* Students are responsible for ensuring that they do not have a time conflict with examinations in other courses. You are not permitted to enrol in this course if you have a time conflict with another course.

## Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and directs all members of the University community – faculty, staff and students – to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring. The University of Guelph takes a serious view of academic misconduct and it is your responsibility as a student to be aware of and to abide by the University's policy. Included in the definition of academic misconduct are such activities as cheating on examinations, plagiarism, misrepresentation, and submitting the same material in two different courses without written permission.

To better understand your responsibilities, read the Undergraduate Calendar at: <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-amisconduct.shtml> You are also advised to make use of the resources available through the Learning Commons (<http://www.learningcommons.uoguelph.ca/>) and to discuss any questions you may have with your course instructor, teaching assistant, Academic Advisor or Academic Counselor.

Do **not** copy work done by others except with proper acknowledgement. I assume that anything submitted by you and written **without quotation marks** represents your work. Please note that such issues are a special problem with group work and that each members of your team are responsible for the work of every other member.

Students should be aware that faculty have the right to use software to aid in the detection of plagiarism or copying and to examine students orally on submitted work. For students found guilty of academic misconduct, serious penalties, up to and including suspension or expulsion from the University can be imposed.

Mostly, I trust you to act ethically because there are many reasons for you to do your own work. A test is not just used to judge how well you can repeat what was told to you. The most important reason for you to do your own work is that no project that you will see in the real world will look exactly like the test or exercise that you are being graded on. The most interesting projects in the real world will involve things that are too new to be included in any textbook. The best students take advantage of these guided opportunities to go beyond what is taught in class. For these reasons, the process by which you arrive at an answer (and your explanation) is at least as important to you as the answer itself.

Other reasons for you to do your own work include understanding the process of how the work is done so that you can do better in the future: e.g. finding good sources, citing sources properly, noting copy the work of others, explaining ideas in your own words, .... Many of the problems labelled as “academic integrity problems” result from poor time management or from carelessness. Since potential employers are also concerned about these habits, any concerns about “academic integrity” are not isolated to the university.

### Academic Consideration

Students who find themselves unable to meet course requirements by the deadline or criteria expected because of medical, psychological or compassionate circumstances beyond their control, should review the regulations on Academic Consideration in the Undergraduate Calendar ([http://www.uoguelph.ca/undergrad\\_calendar/c08/c08-ac.shtml](http://www.uoguelph.ca/undergrad_calendar/c08/c08-ac.shtml)) and discuss their situation with the instructor, Program Counsellor or Academic Advisor as appropriate.

### Religious Holidays

Should a student need to miss scheduled tests, mid-term examinations, final examinations, or requirements to attend classes and participate in laboratories for religious reasons, please advise the instructor within two weeks of the distribution of this course outline so that alternate arrangements can be made. For further information see <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-accomrelig.shtml>

### University Grading Scheme

This course follows the University grading scheme outlined in the University Calendar:

A+	90-100%	<b>Excellent:</b> An outstanding performance in which the student demonstrates a superior grasp of the subject matter, and an ability to go beyond the given material in a critical and constructive manner. The student demonstrates a high degree of creative and/or logical thinking, a superior ability to organize, to analyze, and to integrate ideas, and a thorough familiarity with the appropriate literature and techniques.
A	85-89	
A-	80-84	
B+	77-79	<b>Good:</b> A more than adequate performance in which the student demonstrates a thorough grasp of the subject matter, and an ability to organize and examine the material in a critical and constructive manner. The student demonstrates a good understanding of the relevant issues and a familiarity with the appropriate literature and techniques.
B	73-76	
B-	70-72	
C+	67-69	<b>Acceptable:</b> An adequate performance in which the student demonstrates a generally adequate grasp of the subject matter and a moderate ability to examine the material in a critical and constructive manner. The student displays an adequate understanding of the relevant issues, and a general familiarity with the appropriate literature and techniques.
C	63-66	
C-	60-62	
D+	57-59	<b>Minimally acceptable:</b> A barely adequate performance in which the student demonstrates a familiarity with the subject matter, but whose attempts to examine the material in a critical and constructive manner are only partially successful. The student displays some understanding of the relevant issues, and some familiarity with the appropriate literature and techniques.
D	53-56	
D-	50-52	
F	0-49	<b>Fail:</b> An inadequate performance.

### **Code of Conduct – The Top Ten**

As a student in the Department of Marketing and Consumer Studies, College of Management and Economics at the University of Guelph, you are a member of a scholarly community committed to improving the effectiveness of people and organizations, and the societies in which they reside, through groundbreaking and engaging scholarship and pedagogy. We seek to promote a comprehensive, critical and strategic understanding of organizations, including the complex interrelationship between leadership, systems (financial and human) and the broader social and political context. And, we prepare graduates for leadership roles in which organizational objectives, self-awareness, social responsibility and sustainability are primary considerations.

In keeping with this commitment, we expect all of our students (indeed – all members of our community) to act in a professional and respectful manner to fellow students, staff and faculty, as well as to members of the broader university and local community. This expectation is very much in keeping with your preparation for a professional career.

The following conduct is expected of all of our students:

1. Come to class prepared to learn and actively participate (having completed assigned readings, learning activities etc.).
2. Approach your academic work with integrity (avoid all forms of academic misconduct).
3. Arrive on time and stay for the entire class. If you happen to be late, enter the classroom as quietly as possible. At the end of class, apologize to the faculty member for the interruption. If you have to leave class early, alert the faculty member in advance.
4. If you know in advance that you are going to miss a class, send an email to the faculty member letting him/her know that you will be absent, with a brief explanation.
5. While in class, refrain from using any written material (e.g., newspaper) or technology (e.g., the Internet, computer games, cell phone) that is not relevant to the learning activities of that class. Turn off your cell phone at the start of each class.
6. Listen attentively and respectfully to the points of view of your peers and the faculty member. Don't talk while others have the floor.
7. Raise your hand when you wish to contribute and wait to be called upon. Challenge others appropriately, drawing on reason and research rather than unsubstantiated opinion, anecdote and/or emotion. Keep an open mind and be prepared to have your point of view challenged.
8. When sending emails to faculty, apply principles of business writing; use a professional and respectful style (use a formal salutation, check for spelling and grammatical errors, and avoid slang and colloquial short forms).
9. When making a presentation, wear business dress.
10. Provide thoughtful feedback at the completion of all courses (we are committed to continuous improvement but need your input to help us decide what to focus on).