

# BUTTE COLLEGE

## COURSE OUTLINE

### I. CATALOG DESCRIPTION

**RLS 45 - Real Estate Economics**

**3 Unit(s)**

**Prerequisite(s):** RLS 20 (or concurrent enrollment)

**Recommended Prep:** NONE

**Transfer Status:** CSU

51 hours Lecture

This course provides students with a basic understanding of economic factors that affect residential, commercial, industrial, rural and special purpose real estate. The focus is on financing and government policy; urban development and renewal; regulation of land use; business and real estate cycles and mortgage markets and their impact on real estate and investment opportunities. This course satisfies the California Department of Real Estate (DRE) requirement that students pass a college-level "Real Estate Economics" course prior to taking the Real Estate Broker License Exam. It can also count as the optional course that students must pass prior to taking the California Real Estate Salesperson License Exam.

### II. OBJECTIVES

Upon successful completion of this course, the student will be able to:

- A. Effectively use terminology relating to real estate economics and apply key real estate economics concepts to describe, explain and predict patterns of real estate prices, supply and demand.
- B. Analyze and evaluate local, state and national economic trends as they affect market regions and influence real estate prices.
- C. Describe the "economics of real property" as it pertains to property values and patterns of use.
- D. Identify and describe the impact of economic-related factors to be considered when making real estate decisions: building cycles, site valuation, depreciation, property income and expenses, capitalization rates and capitalization processes.

### III. COURSE CONTENT

#### **A. Unit Titles/Suggested Time Schedule**

Lecture	
<u>Topics</u>	<u>Hours</u>
1. Introduction to Economic Systems and Principles	3.00
2. Supply and Demand	4.00
3. Economic Change Analysis	4.00
4. Money and Monetary Policy	4.00
5. The Real Estate Market	3.00
6. The U.S. Housing Market	3.00
7. California's Economic Profile	3.00
8. The California Real Estate Market	3.00
9. Land Use Planning and Development	3.00
10. Fair Housing and Environmental Regulations	4.00
11. Financing and Taxation	4.00
12. The Economics of Real Estate Investment	3.00

13. The Economics of Appraisal	4.00
14. Analyzing Residential Income Property	3.00
15. Analyzing Commercial Investment Property	3.00
Total Hours	51.00

#### **IV. METHODS OF INSTRUCTION**

- A. Lecture
- B. Guest Speakers
- C. Class Activities
- D. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- E. Discussion
- F. Case analysis
- G. Class Project

#### **V. METHODS OF EVALUATION**

- A. Exams/Tests
- B. Quizzes
- C. Research Projects
- D. Homework
- E. Class participation

#### **VI. EXAMPLES OF ASSIGNMENTS**

- A. Reading Assignments
  1. Read the text material on the real estate market. Prepare for in-class discussion of the types of real estate markets.
  2. Read the text material about the SAFE Mortgage Licensing Act and the Mortgage Disclosure Improvement Act. Conduct on-line research for additional information on these topics. Prepare for in-class discussion about their impacts on the mortgage lending industry.
- B. Writing Assignments
  1. Identify and describe key current national, state and local economic indicators and/or issues. Write a 5 page paper identifying and discussing the effect of each on the California real estate market.
  2. Write a 3-5 page report comparing and contrasting city-subsidized and Community Housing Improvement Program (CHIP) housing programs.
- C. Out-of-Class Assignments
  1. Use economic analysis to support a rational real estate decision regarding purchase and investment. Analyze a list of possible real estate investment opportunities given an analysis of the current (and projected) economic environment. Calculate and assess cash flows and rates of return (ROR). This report will be 6-10 pages long.
  2. Conduct in-depth research about an economic factor (e.g. unemployment) that impacts the real estate market. Describe current trends relative to this factor and its impact on real estate prices, supply and demand. Identify the impact of this factor on various participants in the real estate market: owners, renters, developers, renovators, financial institutions, real estate brokers, attorneys and others. Write up your research in a 6-20 page paper.

#### **VII. RECOMMENDED MATERIALS OF INSTRUCTION**

Textbooks:

- A. Gonzalez, I.. California Real Estate Economics. 4th Edition. Dearborn, 2010.

B. McKenzie, D.J., Betts, R.M. and Jensen, C.A.. Essentials of Real Estate Economics. 6th Edition.  
Cengage Learning, 2011.

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**Date:** 04/01/2013