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## APPENDIX

Commercial Green and Energy Efficient Addendum

# Overview

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## Course Description

Welcome to *Advanced Market Analysis and Highest & Best Use*. This course is intended for those who have taken and passed the *General Appraiser Market Analysis and Highest & Best Use* course and have a thorough understanding of the mathematical and financial principles necessary to perform appraisals of income-producing properties. This course combines the analytical processes of market analysis, highest and best use, and income valuation.

The classroom portion of the course begins with a review of market analysis and highest and best use concepts. Following this introduction is a discussion of the online assignment, in which participants worked through a Level C marketability analysis for an office property. Then the course focuses on the market conditions in a fictional city, Middleville, which is introduced in the first morning of the classroom session. The economic base of Middleville is explored and it is used as the subject and example for both physical and economic forces that affect all communities and consequently all real estate.

The remainder of the course consists of four case studies that demonstrate both the power of fundamental market analysis and its application to highest and best use decisions.

The first case study is an existing apartment property that faces the prospect of continued rental or conversion to condominium. Only through fundamental market analysis can an analyst understand the forces of demand for each distinctive use.

The next case study is an existing retail property and the third case study is an existing industrial property that is functioning in an environment of declining demand due to a change in the economic base. The changes in employment characteristics for the community directly affect the marketability of the case study property and only fundamental market analysis can reveal such conditions.

The final case study is a vacant parcel of land that could be developed for mixed use. The options for development are not limited to the uses; they must include the amount of space designated for each use. The amount becomes a function of timing, and it is shown that only through fundamental market analysis can the timing, and consequently the highest and best use, be revealed.

The question of highest and best use is ever present in analyzing markets. Market analysis is used in making decisions about highest and best use for both land as though vacant and property as improved. Because it is used as a screening process for highest and best use, market analysis is necessary to provide both an understanding of and a basis for highest and best use.

The course emphasizes that market analysis is integral to highest and best use, and highest and best use is integral to market value. Without adequate market analysis, a highest and best use conclusion cannot be reliable. Without a reliable highest and best use conclusion, a market value appraisal cannot be credible.

## Important Notes

- **Diagnostic Test Prerequisite.** To successfully complete courses in the advanced education curriculum, it is important that participants have basic spreadsheet skills. Therefore, before enrolling in an advanced education course, participants are required to take a diagnostic test in which the participant demonstrates his or her skill level in creating and working with spreadsheets. Participants may register for an advanced education course if they do not pass the diagnostic test, but it is not recommended.
- **Blended Learning.** Each course in the advanced curriculum incorporates both online and live classroom education. A two-hour online session begins the course. While the content for each course is different, these online sessions all incorporate discussion and examples, and require participants to complete various tasks. By completing the online session, participants will have a better understanding of what to expect in the live classroom sessions that will follow. If the tasks are difficult, participants will have time to review and prepare before the live portion of the course begins. Tasks will not be graded; however, they must be completed to pass the course. The online session, which goes live 28 days before the classroom session begins, must be completed **BEFORE** the classroom session.
- **Excel Workbooks.** This course incorporates a variety of interactive learning activities, including Excel workbooks. Participants are required to download the necessary Excel files after completing the online session so that they have them when they begin the live classroom session of the course.
- **Digging Deeper.** **Digging Deeper information goes beyond the scope of the course and is not intended to be covered in class. It is not tested on the course exam; however, appraisers preparing for the comprehensive exam should be familiar with it, as well as all other material contained in the course handbook, whether or not it is presented in class.**

## 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, the preview page at the beginning of each part includes 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 cover.
- **Learning Objectives.** Each learning objective covers the information and practices required for understanding the concepts in the course. Look over these objectives 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, ask your instructor for help or review the concepts that you do not understand.
- **Excel Workbooks.** Many of the worksheets presented in the course for problem solving are provided in Excel (download). These are used during the course as an aid in problem solving. Many have embedded calculations. These are for simplicity, not for use as a crutch. It is most important that participants understand the logical and mechanical operations associated with the worksheets.
- **Examples and Problems.** To supplement the discussions, we've included examples and problems to help you visualize and practice what you are learning.
- **Review.** Each part concludes with a review, which includes the learning objectives and key terms and concepts that have been covered. Also, we've provided recommended readings that will reinforce what you have learned in class.
- **Practice Tests.** A practice test is included at the end of the most sections of the course. The questions are similar to the types of questions you might find on the exam. By answering the multiple-choice questions, you will find out whether you have mastered the information covered in the part.

## Classroom Guidelines

To make the course 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.
- 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.
- **Laptop computers.** A laptop computer is required.
- **Spreadsheet program: Excel 2007 or later.** A spreadsheet program is required (participants may use other spreadsheet programs, but those programs won't be supported in class; demonstrations will be done in Excel).
- **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 available for download after completion of the course, and attendance during the entire course is required.

## Required Text

Stephen F. Fanning, MAI, *Market Analysis for Real Estate: Concepts and Applications in Valuation and Highest and Best Use*, 2<sup>nd</sup> ed. Chicago: Appraisal Institute, 2014.

## Exam

- Multiple choice
- Please remember all laptops, cellular phones, tablets, iPads, wearable technology (smart watch, Apple Watch, Google Glass, etc.), and other devices that can store data or connect to the Internet are **NOT** permitted during the exam. In addition, all watches, wallets, bags, and purses must be removed and stored out of reach prior to taking the exam.