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| **Course Acronym:** | RE |
| **Course Number:** | 16 |
| **Descriptive Title:** | Real Estate Economics |
| **Division:** | Business |
| **Department:** | Real Estate |
| **Course Disciplines:** | Real Estate |
| **Catalog Description:** | This course provides instruction on the aspects that tie economics and politics to real estate land use. Emphasis is on the factors, which create value in real estate, including urban development, governmental policies and requirements for development, as well as the business and real estate cycles.<br><br>Note: The California Department of Real Estate (DRE) has approved this course as one of the elective courses for the salesperson license in addition to the required Real Estate Principles and Real Estate Practice. The California DRE has approved this course as one of the elective courses for the real estate broker license. This course is also approved by the California Bureau of Real Estate Appraisers (BREA) for credit hours towards the appraisal license. |
| **Prerequisite:** | |
| **Co-requisite:** | |
| **Recommended Preparation:** | Real Estate 11 or Real Estate 14A AND Real Estate 40 or California Department of Real Estate (DRE) license or California Bureau of Real Estate Appraisers (BREA) license. |
| **Enrollment Limitation:** | |
| **Hours Lecture (per week):** | 3 |
| **Hours Laboratory (per week):** | 0 |
| **Outside Study Hours:** | 6 |
| **Total Course Hours:** | 54 |
| **Course Units:** | 3 |
| **Grading Method:** | Letter Grade only |
| **Credit Status:** | Credit, degree applicable |
| **Transfer CSU:** | Yes |
| **Effective Date:** | Prior to July 1992 |
| **Transfer UC:** | No |
| **Effective Date:** | |

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| **General Education: ECC** | |
| **Term:** | |
| **Other:** | |
| **CSU GE:** | |
| **Term:** | |
| **Other:** | |
| **IGETC:** | |
| **Term:** | |
| **Other:** | |
| **Student Learning Outcomes:** | **SLO #1 Build Vocabulary**<br><br>Students will define, describe and differentiate between various real estate standard terminology showing comprehension and knowledge of real estate vocabulary used in the workplace to assist and prepare each student from the diverse student body to gain confidence in their ability to effectively communicate and collaborate in a real estate sales, property management, appraisal, loan or investment to work with both licensees and a diverse public in a typical real estate transaction.<br><br>**SLO #2 Industry Forms and Documents**<br><br>Students show the ability to prepare and complete standard real estate industry forms and documents as found in diverse real estate sales, rental, finance, appraisal or investment business transactions.<br><br>**SLO #3 Mathematical Computations**<br><br>Students will demonstrate the ability to calculate typical real estate mathematic computational problems as found in diverse real estate business areas of sales, leases, prorations, finance, appraisal, property management, investments and capitalization, land or structure area and taxation. |
| **Course Objectives:** | 1. Differentiate between current real estate values and projected market trends.<br>2. Evaluate the economic aspects and concepts of real estate land use.<br>3. Compare business and real estate cycles.<br>4. Categorize patterns of growth and development of regional areas, community and neighborhoods.<br>5. Identify types of real estate markets and outline their main characteristics.<br>6. Assemble land use controls and prepare reports that meet the government agency requirements.<br>7. Analyze economic events that occur on a international, national, state and local level that affect property value and market demand.<br>8. Interpret the effects of economic events on real estate markets.<br>9. Relate the patterns of urban development to the growth of a city or an area.<br>10. Construct the key components and elements of urban planning.<br>11. Estimate the chief components of real estate value.<br>12. Calculate, plot a graph and examine general economic indicators and assess how the items relate specifically to real estate supply, demand and value.<br>13. Formulate valuation of real property for one particular city or area using economic development patterns. |

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| | 14. Differentiate real estate economic cycles for business, residential real estate, investment property and rural markets. |
| | 15. Distinguish among economic consequences according to the method of vesting and holding title to real property. |
| | 16. Formulate opinions for real estate sales, appraisal and loan originators for ethics, professional standards of practice and fair housing. |

**Major Topics:**

**I. Introduction to economics related to real property valuation (3 hours, lecture)**

  A. Real property definition
  B. National and local economies
  C. Trend analysis

**II. Basic economic principles (3 hours, lecture)**

  A. Laws of supply and demand
  B. The concept of elasticity
  C. Supply side economics

**III. Economic business cycle; real estate cycles and real estate markets (3 hours, lecture)**

  A. Real estate market identification
  B. The effects of Inflation and deflation
  C. Stagflation

**IV. Money, credit and real estate activity (3 hours, lecture)**

  A. Money definition
  B. Interest rates
  C. Money and price

**V. Regional and community economic development (6 hours, lecture)**

  A. Growth of modern cities
  B. Patterns of regional growth
  C. Types of development

**VI. Community and neighborhood growth patterns (6 hours, lecture)**

  A. Factors affecting cities and communities
  B. Traffic congestion
  C. "Megalopolis" versus small cities and neighborhoods

**VII. Residential real estate markets, ethics and fair housing (3 hours, lecture)**

  A. Characteristics of suburbs
  B. Local, state, and national regulations
  C. Taxes

**VIII. Business and rural real estate markets; patterns of urban planning and development (3 hours, lecture)**

A. Farmland
B. Agricultural uses
C. Raw land

**IX. The economic impact of real property taxes on real estate value (3 hours, lecture)**

A. Basis for property taxes
B. Tax exempt properties
C. Property tax exemptions

**X. Land use controls, government agencies and special interest groups (3 hours, lecture)**

A. City and county planning
B. Zoning
C. Conforming and nonconforming uses

**XI. Real estate investment, Part I: Principles of real estate investment analysis and income tax aspects (3 hours, lecture)**

A. The concept of value
B. Price
C. Rental stream
D. Profitability determination

**XII. Real estate investment, Part II: How to analyze cash flow and compute rates of returns (3 hours, lecture)**

A. Markup
B. Credit
C. Cash flow analysis

**XIII. Challenges of the future for real property valuation according to the uniform standards of practical appraisal standards (3 hours, lecture)**

A. Real estate cycles
B. Value establishment
C. Types of appraisal

**XIV. Economic indicators: leading and lagging (6 hours, lecture)**

A. Interest rates
B. Expansionary versus contractionary monetary policies
C. Indexes and statistics

**XV. International and global economic effects on real property value (3 hours, lecture)**

A. Velocity of money
B. U.S. dollars abroad
C. Exchange rates

| **Total Lecture Hours:** | 54 |

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| **Total Laboratory Hours:** | 0 |
| **Total Hours:** | 54 |
| **Primary Method of Evaluation:** | 1) Substantial writing assignments |
| **Typical Assignment Using Primary Method of Evaluation:** | Prepare a written report containing a table of contents and a bibliography with a minimum of five (5) references, two of which must be government and two of which must be within the last 2 years. The report must be a minimum of ten (10) pages of original composition on a special topic, approved by the instructor, relating to real estate economics that is taken from the list found on the Real Estate Economics. |
| **Critical Thinking Assignment 1:** | Create three graphs for three general economic indicators, such as unemployment, Gross National Product (GNP) and interest rate, or sales price, number of sales and population. Relate each graph specifically to real estate as a leading or lagging trend or predictor of market value. |
| **Critical Thinking Assignment 2:** | Using library research, the Internet, outline resources and the text materials, prepare a city report showing demographics, median age and income, average rents and prices for income and residential property of not less than 10 pages of original composition, in addition to materials provided by outside sources, such as the Chamber of Commerce or the Census. |
| **Other Evaluation Methods:** | Multiple Choice, Term or Other Papers, True/False, Written Homework |
| **Instructional Methods:** | Discussion, Lecture, Multimedia presentations |
| **If other:** | |
| **Work Outside of Class:** | Required reading, Study, Written work (such as essay/composition/report/analysis/research) |
| **If Other:** | |
| **Up-To-Date Representative Textbooks:** | Huber, Messick, Pivar.  Real Estate Economics.  6th ed.   Educational Textbook Company, 2016. (Discipline Standard) |
| **Alternative Textbooks:** | |
| **Required Supplementary Readings:** | |
| **Other Required Materials:** | |
| **Requisite:** | |
| **Category:** | |
| **Requisite course(s): List both prerequisites and corequisites in this box.** | |
| **Requisite and Matching skill(s):Bold the requisite skill. List the corresponding course objective under each skill(s).** | |

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| **Requisite Skill:** | |
| **Requisite Skill and Matching Skill(s): Bold the requisite skill(s). If applicable** | |
| **Requisite course:** | Real Estate 11 or Real Estate 14A AND Real Estate 40 |
| **Requisite and Matching skill(s):Bold the requisite skill. List the corresponding course objective under each skill(s).** | **Demonstrate the ability to calculate typical Real Estate related transactions, including commissions, interest rates and mark-up.**<br><br>RE 14A -Analyze and calculate problems pertaining to basic real estate mathematics, such as calculating the down payment, mortgage insurance, and monthly payment for a buyer.<br><br>RE 11 -Analyze and calculate problems pertaining to basic real estate mathematics.<br><br>**Demonstrate an understanding of the approaches in establishing value using income, cost and sales.**<br><br>RE 40 -Calculate the three approaches to value: cost approach, income approach and sales comparison approach. |
| **Requisite Skill:** | California Department of Real Estate (DRE) license or California Bureau of Real Estate Appraisers (BREA) license. |
| **Requisite Skill and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s). If applicable** | |
| **Enrollment Limitations and Category:** | |
| **Enrollment Limitations Impact:** | |
| **Course Created by:** | Frank Fowler |
| **Date:** | 12/21/1991 |
| **Original Board Approval Date:** | |
| **Last Reviewed and/or Revised by:** | John Yeressian |
| **Date:** | 10/01/2019 |
| **Last Board Approval Date:** | 12/19/2022 |