

California Real Estate Economics, 3rd Edition, Update
By Ignacio Gonzalez, Consulting Editor

Chapter 14: Analyzing Residential Income Property

- I. Analyzing Residential Income Property: A Process Approach

- II. Step One: Clarifying the Issue
 - A. Location
 - B. Financial Goals
 - C. Tax Considerations
 - D. Structuring of Ownership
 - E. Development Considerations

- III. Step Two: Collecting the Data
 - A. Current Economic Data
 - B. Traditional Sources
 - 1. Local Government
 - 2. Other Local Sources
 - C. Market Surveys
 - 1. Research Design

- IV. Step Three: Interpreting the Data
 - A. Project Description
 - 1. Improvements
 - 2. Prices
 - 3. Amenities
 - 4. Lot Size, Unit and Room Size
 - B. Area Description
 - 1. Economic Trends
 - 2. Infrastructure, Transportation, and Services
 - 3. Shopping
 - 4. Schools and Houses of Worship
 - 5. Other Community Amenities

- C. Competition
- D. Cost Analysis

- V. Step Four: Making the Decision
 - A. Conclusions
 - B. Strategies
 - C. Assessment and Follow-Up

- VI. Measures of Investment Performance
 - A. Direct Capitalization
 - B. Cash-on-Cash Return
 - C. Band of Investment Analysis
 - D. Pay-Back Period
 - E. Proceeds per Dollar Invested
 - F. Discounted Cash Flows
 - G. Net Present Value
 - 1. Interpretation
 - H. Internal Rate of Return
 - 1. Calculation
 - 2. Application