

RE 614 – Real Estate Appraisal
Fall 2008
Midterm Exam #1 Review

Dr. Stanley D. Longhofer
TTh 9:30-10:45

- 1) Be prepared to solve a highest-and-best use problem.
- 2) Be prepared to solve a problem on separating the values of different interests in real estate.
- 3) You will be asked to answer several of the following essay/short answer questions on the exam.
 - a) Our textbook states that the appraisal process is a “mix of results and process.” Explain in your own words what is meant by the term “results” and what is meant by the term “process.” Use an example to show how the two work together in appraisals.
 - b) Define the term “market value” as it relates to real estate appraisal. Explain briefly the key assumptions that underlie this definition.
 - c) Some parts of the country recently experienced a rapid increase in home values followed by a dramatic fall – a “bubble,” according to some. Should appraisers attempt to correct for “bubble” pricing when they estimate market value? Explain.
 - d) “Being close to an airport has a negative effect on property values.” Comment.
 - e) Consider a parcel of land near the intersection of Kellogg and Meridian in Wichita. For the following land uses, discuss the nearby influences that cause peaks and valleys in the bid-rent surface around this site: Multi-family residential, single-family residential, retail, industrial. Based on your discussion, which land uses do you think are likely to have the highest value for a site near this location.
 - f) Discuss the general relationship between site size and site value.

I reserve the right to add more questions after our class on Tuesday.