

RE 618 / Fin 618 – Real Estate Investment Analysis

Excel Spreadsheet Assignment #2

Disposition Analysis

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Develop an Excel spreadsheet to conduct a keep vs. sell analysis for a real estate investment. You should use the assumptions from the Disposition Analysis Example discussed in class as a guide as you build your spreadsheet.

Your spreadsheet should allow you to alter all of the assumptions shown on the first page of the RE618_SS2_Sample.pdf document (on the class website). It should be able to calculate all of the cash flows required to do a prospective analysis of the disposition decision (on an after-tax basis).

As before, your spreadsheet should be professional in appearance. This means it should both display and print in a manner that you would turn over to a client or your boss. To this end, you should keep the following in mind:

1. You must use absolute and relative cell referencing properly. The true power of spreadsheets lies in writing your formula correctly so that you can just copy them down rather than rewriting them for each cell. In addition to looking at the formulas themselves, I will adjust the inputs to your spreadsheet and see if it calculates everything properly.
2. Make sure you use number formats that are consistent and easy to read. In fact, formatting on your entire spreadsheet should be attractive and professional.
3. Set your print margins so that the spreadsheet prints nicely on a standard 8 ½ × 11 sheet of paper. A nice heading would be good as well.
4. **MAKE SURE YOUR NAME APPEARS ON YOUR SPREADSHEET.**

I should not have to remind you that your work should be your own. Although I encourage you to work with others and help one another with how to use Excel functions and lay out your spreadsheets, the final product should be yours and yours alone. ***If I see spreadsheets that are exact duplicates of one another, all of these students will receive zeros on the assignment.***

One new formula you may find helpful on this spreadsheet is the CUMIPMT function. It calculates the total interest paid on a mortgage between two periods. In Excel 2003, you will need to have the Analysis ToolPak Add-in installed (from the TOOLS|ADDINS menu item).

Please turn in your spreadsheet using the Digital Dropbox in Blackboard. The file you submit should be named *your_lastname.your_firstname.ss1.xls* (for example, my spreadsheet would be named Longhofer.Stan.ss1.xls). Make sure that you *Send* the file; if you just add it to the Dropbox it won't get to me.