

# Raising Your Commercial IQ. In-house program

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## Instructor Guide

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## Table of Contents

Investit Academy in-house commercial training program .....	3
Devices .....	3
Course set up .....	3
Instructor and Moderator (Assistant).....	3
In-house courses .....	4
Class hours .....	4
Content choices.....	5
Teaching process .....	5
Competency Test .....	5
Practice Quizzes.....	11
Viewing grades and competency test results .....	11
Course outlines .....	15
101. How to Analyze & Value Income Properties .....	15
102. Real Estate Investment Analysis .....	16
103. Development Analysis and Valuing Land .....	17
203. Office, Retail and Industrial Leasing .....	19

## **Investit Academy in-house commercial training program**

### **Devices**

The Investit LMS can be viewed on all the popular devices such as a PC, Laptop, Android tablets, Macs, iPad, iPhone, and Android smartphones.

In the case of the iPhone, an app must be downloaded from a link on the Home Page.

### **Course set up**

All participant need the be enrolled in the Investit Academy LMS as candidates which give them full access to all the Investit Academy learning activities including videos, micro videos, flash card sets, practice quizzes.

### **Instructor and Moderator (Assistant)**

The instructor's major role occurs during the playing of the flash cards questions and answers. Providing explanations, encouraging discussion, answering questions, and providing local examples.

The moderator's role, which could be one of the participants, is to switch between playing the micro-videos and the flashcards. The instructor can act as the moderator.

Print and review the "Instructor Package and Agenda Time Table."

## Participants

Prior to commencing the class, send the participants the following:

1. Course manual
2. Course Participant Package
3. Information on:

Class dates, time, class hours, and to bring a calculator. It doesn't have to be a financial calculator.

The Course Manual and Participant Package can be downloaded from the Investit Academy LMS either as a Word or PDF document. Go to the Home page select "IN-HOUSE TRAINING MADE EASY."

The screenshot displays a dark-themed interface for the course "RAISING YOUR COMMERCIAL IQ". At the top, it says "There's a lot to learn". Below this are four main sections, each with an icon and a title:

- THERE'S LOTS OF WAYS TO LEARN**: Videos, Manuals, Quizzes and Flash Cards (Icon: Play button on a screen)
- TEST YOUR COMMERCIAL IQ**: Mastery Challenges (Icon: Laptop with a gear)
- HELPFUL RESOURCES**: Informative articles, check lists & Videos (Icon: Network diagram)
- IN-HOUSE TRAINING MADE EASY**: Participants Package and Moderators Guide (Icon: Laptop with a person)

Red arrows point from the "IN-HOUSE TRAINING MADE EASY" section to a row of downloadable files. Below this row is another section titled "102. Real Estate Investment Analysis" with similar file options. The files are:

- Manual (PDF icon)
- Participant Package (Word document icon)
- Instructor Package and Agenda Time Table (Word document icon)

The bottom of the interface has a decorative zig-zag pattern.

## In-house courses

101. How to Analyze and Value Income Properties. Commercial Basics. 16 class hours.
102. Real Estate Investment Analysis. 16 class hours.
103. Development Analysis and Valuing Land. 18-20 class hours
203. Office, Retail & Industrial Leasing. 18-20 class hours

## Class hours

Class meetings are flexible. For example, four-hour sessions meeting once per week for four weeks.

## **Content choices**

In some cases, you may not want to present all the course material. For example, if the class consists of residential realtors or rookie commercial realtors interested in learning more about commercial real estate, some topics may be too advanced. If this is the case, skip the micro videos and flash Cards related to the topic.

## **Teaching process**

The teaching process consists of alternating between playing the:

1. Micro videos
2. Flashcards, answering the flashcard questions, and class discussions

by following the "Agenda Time Table" See the example below.

The micro videos provide an introduction to the topic.

The flash cards actively involve the student in the learning process and reinforce the material presented in the micro videos.

Flash cards. A great way to learn the basics. The Participant Guide contains:

1. Flash Card Question
2. Space for the participant to write the answer in the participant Guide
3. The answer is on the flip side of the flashcard.

## **Competency Test**

We strongly recommend that participants take the "Competency Test." before commencing the 101 In-house course and then take the "Competency Test" again after completing the course to measure their progress.

The "Competency Test" measures their understanding of basic commercial real estate terms and calculations.

Prior to taking the 101 in-house course, the competency test grade is generally around 45% to 55%, indicating they have a lot to learn. The grade typically improves to 85% plus after taking the 101 in-house program.

### **Teaching using flashcards.**

Allow the participants' time to complete the flashcard questions and then:

Review each flashcard question and answer and encourage questions and discussions. Enliven with your own experience and local examples.

This approach provides the opportunity for active class involvement.

1. Questions, answers, and lively in-depth discussions
2. Provides the instructor with an opportunity to provide local examples and personal experiences.

For example:

101 Course. How to analyze and value income properties (Commercial Basics)  
Explain the Cap Rate for different types of income properties in your market area

103 Course Development analysis and valuing land  
Soil conditions can impact the development costs and lower the landlord. Explain the various types of soil in your area and how the soil affects the land value.

302 Course  
Calculating leasing fees vary widely depending on the location and type of real estate. Explain how leasing fees are calculated in your area.

## Course Agenda Time Table

The Instructor Guide for each course contains the Agenda and Time Table which shows:

1. When to play the micro videos
2. When to play the flash card set
3. Shows the "Participant Package" page number and the "Course Manual "page number

This is a partial example for the 101 course "Agenda Time Table"

**AGENDA TIME TABLE**  
GROSS INCOME MULTIPLIERS & CAP RATES


Line number	Play Micro Video	Manual Page Number	Play Flash Card Set	Participant Package Page number
1	Gross Income Multipliers (5 min)	6		
2	Cap Rates (4 min)	8		
3	Calculating the Cap Rate (2 min)	8		
4	Calculating the Net Operating Income (1 min)	9		
5			Gross Income Multipliers	22
6			Cap Rate. Calculations	25
7	Finding Cap Rates (6 min)	10		
8	Cap Rates. Fundamental assumptions (2 min)	11		
9	Don't trust the Cap Rate (5 min)	11		
10	Understanding Cap Rates (4 min)	13		
11	Cap Rates and Risk (1 min)	13		
12	Risk and Capital Allocation	13		

## Micro Videos and Flash Cards




Are available on the LMS Home Page.

THERE'S LOTS OF WAYS TO LEARN

Videos, Manuals, Quizzes and Flash Cards



### 101. How to Analyze and Value Income Properties. Commercial Basics

-  Video (3-1/4 Hours)
-  Manual
-  Micro Videos ←
-  101. Flash Card Packs ←
-  Practice Quiz
-  101. Learning Guide

## Micro Video Grid

At the start of the session, click on the "Display all Micro Videos" button to display all the micro videos for the course.

The micro videos can be expanded to "Full Screen."

# 101 How to Analyze & Value Income Properties

## Micro Videos

**NOTE** →

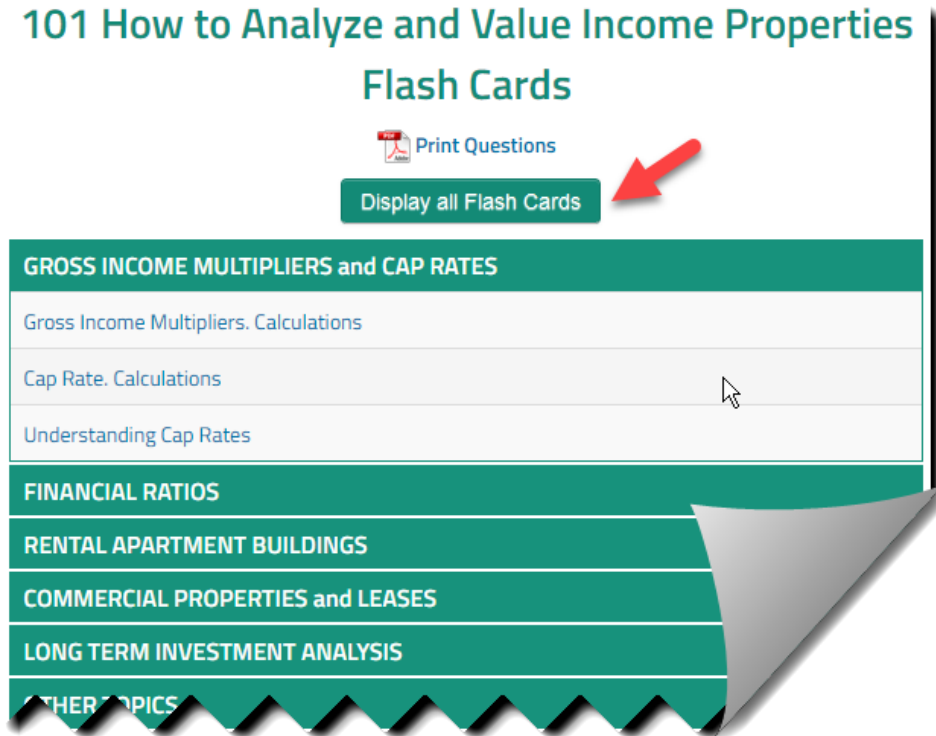
Display all Micro Videos

Gross Income Multipliers & Cap Rates	
Gross Income Multipliers (5 min)	Cap Rates & Capital Appreciation (1 min)
Cap Rates (4 min)	Cap Rates & Equity requirements (1 min)
Calculating the Cap Rate (2 min)	Cap Rates and House Prices (1 min)
Calculating the Net Operating Income (1 min)	Cap Rates & Vacancy Risk (2 min)
Finding Cap Rates (6 min)	Cap Rate examples (0.5 min)




## Flash Card

At the start of the session click, on the "Display all Flash Cards" button to display all the micro videos.



**101 How to Analyze and Value Income Properties**

### Flash Cards

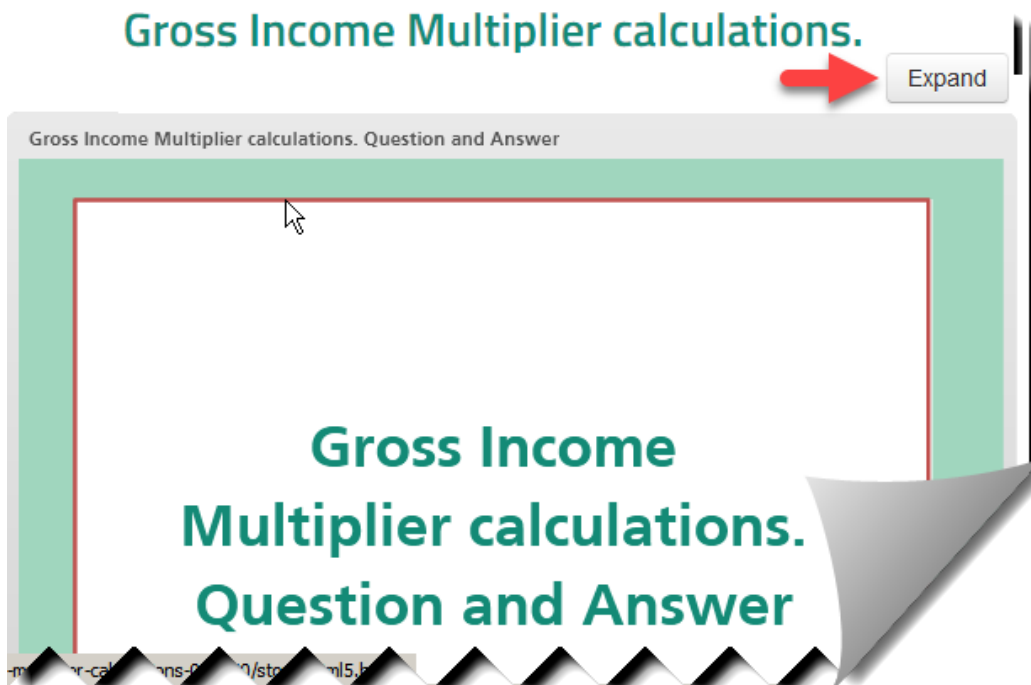
 [Print Questions](#)

**Display all Flash Cards**

- GROSS INCOME MULTIPLIERS and CAP RATES**
  - Gross Income Multipliers. Calculations
  - Cap Rate. Calculations
  - Understanding Cap Rates
- FINANCIAL RATIOS**
- RENTAL APARTMENT BUILDINGS**
- COMMERCIAL PROPERTIES and LEASES**
- LONG TERM INVESTMENT ANALYSIS**
- OTHER TOPICS**

## Expanding the flash card to "Full Screen"

Open the Flash Card set and click on the "Expand" button



## Gross Income Multiplier calculations.

**Expand**

Gross Income Multiplier calculations. Question and Answer

# Gross Income Multiplier calculations. Question and Answer

## Home Page Navigation

The LMS Home Page is easy to navigate.

There are two aspects to the Home page

1. Links to the various learning activities such as viewing a course video or flashcard set
2. Action Menu for carrying out activities such as viewing a candidate's grade

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Home  
Edit Profile

**MANAGE**

- Staff **Action Menu**
- Candidates & Exams
- Applicants & Tests
- Transfer Applicant to Candidate
- Issue Certificate

**REVIEW PROGRESS**

- Exam Results
- Evaluation Test Results
- Check Candidate Progress

**GRADE BOOKS**

- Candidates
- Applicants

### RAISING YOUR COMMERCIAL IQ

There's a lot to learn

**Links to learning activities**

**THERE'S LOTS OF WAYS TO LEARN**  
Videos, Manuals, Quizzes and Flash Cards

**TEST YOUR COMMERCIAL IQ**  
Mastery Challenges

**HELPFUL RESOURCES**  
Informative articles, check lists & Videos

**IN-HOUSE TRAINING MADE EASY**  
Participants Package and Moderators Guide

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## Practice Quizzes

Practice exercises for each of the four courses allow the students to test their knowledge and measure their progress and prepare for the course exam. The quiz grade is recorded and can be viewed by the student but not by the instructor.

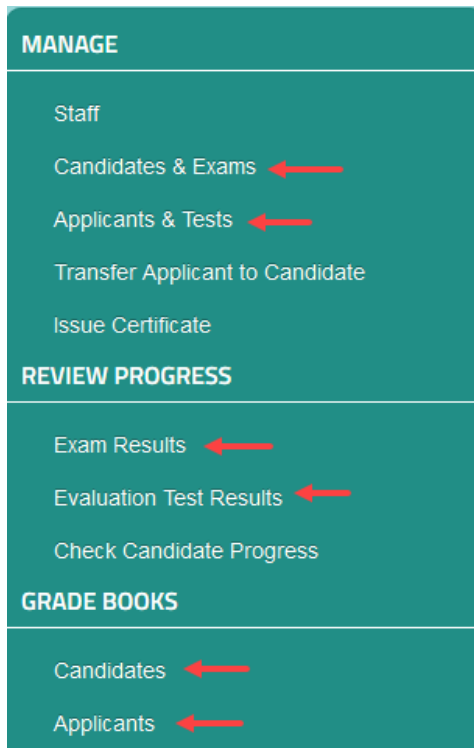
## Viewing grades and competency test results

As a manager or instructor, you can view candidates' (students) results and measure their progress. Students can view their grades and progress using the Action Menu on their home page.

## Competency Test.

The Competency test allows you to test the applicant or student's understanding of commercial real estate basic terms and calculations.

There are several ways to view grades. For illustration purposes, we will use "REVIEW PROGRESS" on the Home Page Action Menu.



**REVIEW PROGRESS**

Exam Results

Evaluation Test Results

Check Candidate Progress

**GRADE BOOKS**

**Exam Results**

The first step are 1) Select the course 2) Select the student 3) Show report

**Exam Results**

Test : Exam: 101. How to Analyze and Value Income Properties

Report : Summary Grade Report

Show Report

Select All	First Name	Last Name	User Name	Office	Email
<input type="checkbox"/>	Donald	Duck	130testcanuser	Royal LePage Commercial	130testcanuser@test.com

Show Report

101. How to analyze and value income properties. Exam grade report example.

**Exam: 101. How to Analyze and Value Income Properties**

Download table data as Excel spreadsheet Download

Candidate	Summary Grade Report		
Donald Duck	82%	Date Attempted: December 16, 2017	Time Taken: 30 mins
Analysis (11)	83%	Cap Rates (15)	84%
Finance (6)	87%	Investment Analysis (8)	100%
Leasing (9)	65%	Real estate development (4)	83%
Engineering (6)	91%		

## Evaluation Test Results (Competency Test)

### Evaluation Test. Commercial Basics

Download table data as Excel spreadsheet Download

Applicant	Summary Grade Report		
<b>Donald Duck</b>	<b>74%</b>	Date Attempted: December 15, 2017	Time Taken: 30 mins
Analysis. Basic (5)	78%	Cap Rates (14)	94%
Finance (10)	90%	Income Multipliers (5)	40%
Investment Analysis (8)	64%	Leasing (6)	57%
Operating Expenses (4)	78%	Risk Analysis (8)	78%
TVM, IRR & NPV (6)	17%	Taxes (6)	82%

### Check student progress

Allows you to view the student's grades and check their progress.

#### 1. Select the student

#### Track User Progress

Search Candidate
Show All Candidates

Search by  Username  First Name  Last Name  Phone Number  E-Mail

First Name	Last Name	User Name	Telephone	Email	
Donald	Duck	130testcanuser	9999888800	130testcanuser@test.com	Show Attempts

#### 2. To review the course grades click on "Show Attempts"

### Donald Duck Exam Attempts

Select exam to view progress

Exam	Attempts	
Evaluation Test. Commercial Basics	1	Show Attempts
Exam: 101. How to Analyze and Value Income Properties	1	Show Attempts
Exam: 102. Real Estate Investment Analysis	2	Show Attempts

3. The course grade for each attempt is displayed allowing you to view the student progress

## Donald Duck Exam Attempts

Select exam to view progress

Exam	Attempts	
Evaluation Test. Commercial Basics	1	<a href="#">Show Attempts</a>

Attempt	Marks Secured	Grade	Attempt Date
1	70/95	74%	21-12-2017
<a href="#">Close</a>			

Exam	Attempts	
Exam: 101. How to Analyze and Value Income Properties	1	<a href="#">Show Attempts</a>

Attempt	Marks Secured	Grade	Attempt Date	Status
1	80/97	82%	21-12-2017	Passed
<a href="#">Close</a>				

Exam	Attempts	
Exam: 102. Real Estate Investment Analysis	2	<a href="#">Show Attempts</a>

Attempt	Marks Secured	Grade	Attempt Date	Status
1	56.83/91	62%	21-12-2017	Failed
2	80.37/91	88%	21-12-2017	Passed
<a href="#">Close</a>				

## **Course outlines**

### **101. How to Analyze & Value Income Properties**

#### **Learning objectives**

This video introduces the fundamentals of real estate investment analysis and discusses the issues, complexities and dangers involved in listing and selling commercial properties.

Specific objectives are to:

1. provide a good understanding of the basic financial measures used to evaluate and determine the value of rental apartment buildings and commercial properties.
2. explore the advantages and disadvantages of the most used financial measures.
3. demonstrate how to analyze and adjust Income & Expenses Statements and what expenses need to be included when using Cap Rates to determine the property value.
4. provide an in-depth overview of the capitalization rate as it is used in commercial real estate, and to explain the factors that influence the Cap Rate
5. show how to analyze apartment and commercial buildings and how to re-do the financial statements so that they more realistically reflect the financial performance of the buildings.
6. provide an introduction to risk analysis and financial ratios for measuring risk
7. how to read a lease and discuss important terms and clauses in the lease that can affect the value of a commercial building
8. provide an understanding of the weakness of using Cap Rates with a brief introduction to long term real estate investment analysis
9. show how to identify properties that may be hard to sell because of income tax consequences
10. show the importance of having a professional engineer assessment of the building on behalf of a buyer, by using real-world examples

#### **Skills and benefits**

How to analyze and restructure "Income & Expense Statements" so that they more realistically represent the financial performance of the property

2. How to use the various financial measures such as the Gross Income Multiplier, Cap Rate, etc., to value an income property and appreciate the limitations of these simplistic approaches
3. Understand how important it is for the buyer of income properties to obtain professional engineering, tax, and legal advice

The knowledge and skills developed during the in-house program will improve your ability to analyze and value income properties.

## 102. Real Estate Investment Analysis

### Learning objectives.

The overall objective is to provide an understanding of how to carry out in-depth real estate analysis investment analysis and how to apply investment analysis techniques to different types of properties or types of real estate. **How to use investment analysis to create deals.**

### Topics

1. The significant weaknesses in using Cap Rates to make real estate investment decisions compared to the discounted cash flow approach. Examples illustrating the disadvantage of the Cap Rate approach to establishing value
2. Time value of money concepts. The Internal Rate of Return (IRR) and Net Present Value financial measures and discounted cash flow analysis
3. Steps involved in carrying out long term real estate investment analysis and discounted cash flow analysis
4. Real estate taxation
5. Impact of financial leverage on the investment return and investment risk
6. A framework for exploring creative financing creative financing
7. How to use real estate analysis techniques to help list, sell or lease or invest wisely

### Skills and benefits

How to:

Carry out and apply in-depth real estate analysis to different types of income properties

Determine the value of an income property using the discounted cash flow analysis approach

Assess the investment risk

Financially structure a real estate transaction using creative financing

The knowledge and skills developed will improve your ability to value, list, sell or lease income properties and how to use investment analysis techniques to put deals together and make you money and make wise investment decisions.



## 103. Development Analysis and Valuing Land

### Learning Objectives.

The overall objective of the video is to provide an understanding of:

1. How to carry out development analysis to determine land values for unit projects such as land subdivisions and condominium projects and income properties such as office buildings
2. The issues and difficulties associated with determining land value

### Topics

1. Issues related to using simplistic approaches, such as \$ per Acre or Sq. Ft to value land
2. The backdoor or land residual approach to valuing land
3. Factors that affect land values. Examples are illustrated using photographs
  - Soil and site conditions
  - Architectural, design & zoning constraints
4. Development Analysis Case Study. Condominium development
5. Development Analysis Case Study. Retail center development
6. Sensitivity & Risk analysis. What numbers have the biggest impact on the development profit?
7. Analyzing a "Mixed" unit and income property development. Case study3
8. Income property development. Sell or hold analysis
9. Renovation analysis
10. Profitability analysis and ratios & assessing the development risks
11. Quick Proforma approach versus detailed monthly cash flow development analysis
12. Construction loan requirements
13. Offer to Purchase versus Options. Pros & cons.
14. Tips for creating an offer & Keeping the offer together
15. Keeping the offer together
16. Land assembly and analyzing sites with assembly potential

**Skills and benefits obtained from the video**

1. How to analyze development sites and determine land values using the development analysis approach
2. Appreciate the difficulties and uncertainties in determining land value

The knowledge and skills developed during the video will improve your ability to value, list and sell development sites or develop successful projects.

## **203. Office, Retail and Industrial Leasing**

### **Learning Objectives**

To provide a comprehensive understanding of:

1. The leasing process and terms used in leasing
2. How to read a lease and what to look for in a lease
3. The differences between the different kinds of leasing markets
4. How tenants go about choosing a location and space
5. What question to ask the landlord and tenant
6. Some of the complex issues involved leases and lease negotiations
7. Why leases are often complex, lengthy documents
8. How to carry out lease comparison analysis from a landlord & tenant perspective

### **Topics**

Following is a summary of topics that will be covered.

1. Overview of landlord and tenant leasing objectives
2. Tenant compatibility considerations and issues
3. Leasing characteristics by different types of properties
4. The leasing process and documents
5. Types of Leases
6. Types of Rent
  - Base Rent & Additional Rent or Recoverable Expenses
  - Free Rent
  - Percentage Rent
7. Areas and Area Measurement
  - Rentable and Usable Areas and Load Factor
  - Space Measurements and the BOMA Standards
  - How to measure different types of properties
  - Issues related to measuring space
  - Leasing new space. Tenant Improvements and build-outs
8. Assignment & Subletting
8. Operating Expenses, Recoverable Expenses, and related issues and considerations
9. Renovating and subdividing space, including structural considerations
10. Lease Comparison Analysis and the Net Effective Rent from landlord & tenant perspective
11. Case Study. Comparing three different lease arrangements
13. Valuing ground leases.
14. Blending and extending a lease
15. Impact of leases on the property value and marketability
16. Tips for reading leases

### **Skills and benefits obtained from the video**

1. Increased knowledge of lease terms and the leasing process
2. The differences involved in leasing office, industrial and retail space
3. A deeper understanding of the complex issues related to leasing
4. How to compare leases from will improve your ability to negotiate and analyze leases from a tenant and landlord perspective.