

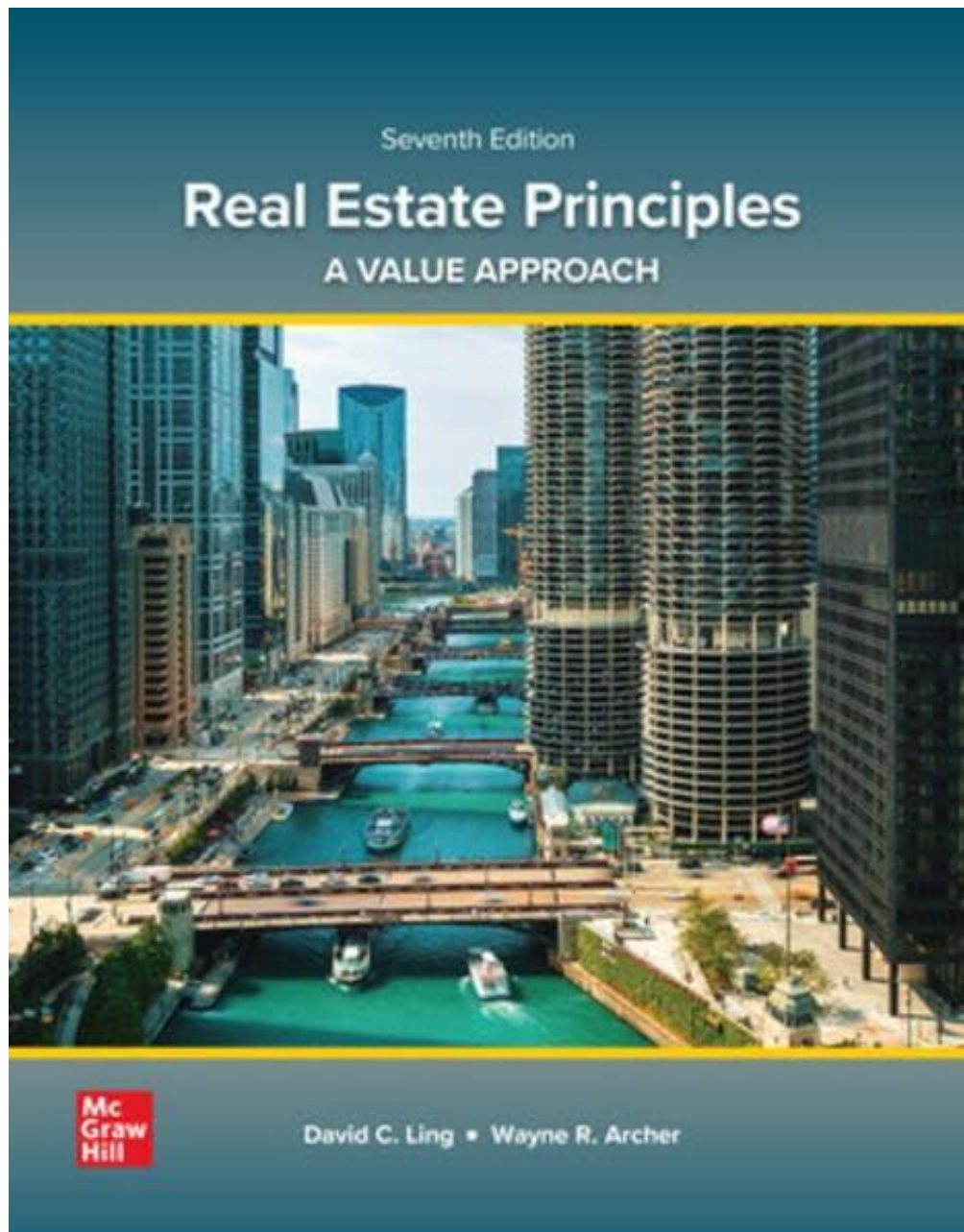
**TEST BANK**

# Real Estate Principles

A VALUE APPROACH

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**7<sup>th</sup> Edition**



**MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.**

1) When viewed as a tangible asset, real estate can be defined as the land and its permanent improvements. Improvements *on* the land include:

1) \_\_\_\_\_

- A) fences.
- B) walkways.
- C) sewer systems.
- D) streets.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Basic

Gradable : automatic

Learning Objective : 01-01 Provide three alternative definitions for the term real estate.

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-01 When viewed as a tangible...

2) The term real estate is used in three fundamental ways. When real estate is defined as the land and its improvements, it is being viewed as purely a(n):

2) \_\_\_\_\_

- A) tangible asset.
- B) intangible asset.
- C) parallel asset.
- D) personal asset.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Basic

Gradable : automatic

Learning Objective : 01-01 Provide three alternative definitions for the term real estate.

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-02 The term real estate...

3) The term real estate is used in three fundamental ways. When real estate is defined as a bundle of rights associated with ownership and the use of the site and improvements, it is being viewed as purely a(n):

3) \_\_\_\_\_

- A) tangible asset.
- B) intangible asset.
- C) parallel asset.
- D) personal asset.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Basic

Gradable : automatic

Learning Objective : 01-01 Provide three alternative definitions for the term real estate.

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-03 The term real estate is used...

4) All of the following are examples of an improvement *on* the land EXCEPT:

4) \_\_\_\_\_

- A) fences.
- B) building.
- C) walls.
- D) streets.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-01 Provide three alternative definitions for the term real estate.

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-04 All of the following are...

5) Real estate is defined as land and its permanent improvements. Which of the following is an example of an improvement *to* the land?

5) \_\_\_\_\_

- A) fence
- B) building
- C) water and sewer systems
- D) personal property

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-01 Provide three alternative definitions for the term real estate.

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-05 Real estate is defined as...

6) Real estate consists of the physical structures and infrastructure that accompany the land. All of the following are examples of an improvement *to* the land EXCEPT:

6) \_\_\_\_\_

- A) walkways.
- B) the building and parking lot.
- C) sewer system.
- D) streets.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-01 Provide three alternative definitions for the term real estate.

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-06 Real estate consists of the...

7) Real estate is property, which can be either a tangible or an intangible asset. Which of the following would be considered an intangible asset?

7) \_\_\_\_\_

- A) land
- B) building
- C) mortgage
- D) fence

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Basic

Gradable : automatic

Learning Objective : 01-01 Provide three alternative definitions for the term real estate.

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-07 Real estate is property, which...

8) Which of the following would be considered a tangible asset?

8) \_\_\_\_\_

- A) land
- B) lease agreement
- C) mortgage
- D) listed REIT

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Basic

Gradable : automatic

Learning Objective : 01-01 Provide three alternative definitions for the term real estate.

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-08 Which of the following would...

9) If we desire to classify land by its use, land that does not include any improvements *to* the land would be categorized as:

9) \_\_\_\_\_

- A) "raw" land.
- B) building site.
- C) developed land.
- D) property infrastructure.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Basic

Gradable : automatic

Learning Objective : 01-02 Discuss the distribution of U.S. land among the various uses to which it i

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-09 If we desire to classify...

10) If we desire to classify land by its use, land that consists of residential, industrial, commercial, and institutional land uses would be classified as:

10) \_\_\_\_\_

- A) rural land.
- B) federal land.
- C) urban land.
- D) undeveloped land.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Basic

Gradable : automatic

Learning Objective : 01-02 Discuss the distribution of U.S. land among the various uses to which it i

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-10 If we desire to classify...

11) According to the Department of Agriculture, which of the following land types constitutes the lowest percentage of land use in the United States?

11) \_\_\_\_\_

- A) crop land
- B) federal land and water areas
- C) forest land
- D) urban land

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-02 Discuss the distribution of U.S. land among the various uses to which it i

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-11 According to the Department of...

12) Real estate values derive from the interaction of three different sectors in the economy. Which of the following sectors serves to allocate financial resources among households and firms requiring funds?

12) \_\_\_\_\_

- A) user market
- B) capital market
- C) government
- D) property market

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-03 Discuss the value and importance of U.S. real estate compared with the val

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-12 Real estate values derive from...

13) The demand for real estate derives from the need that market participants (e.g., owner occupants, tenants, renters) have for shelter and convenient access to other locations. This competition for physical location and space occurs in the:

13) \_\_\_\_\_

- A) user market.
- B) capital market.
- C) government sector.
- D) property market.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-03 Discuss the value and importance of U.S. real estate compared with the val

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-13 The demand for real estate...

14) Based on your understanding of the supply and demand dynamics of user/space markets, an increase in demand for leasable space would, all else equal, cause which of the following effects?

14) \_\_\_\_\_

- A) decrease equilibrium rental rates and decrease property value
- B) decrease equilibrium rental rates and increase property value
- C) increase equilibrium rental rates and decrease property value
- D) increase equilibrium rental rates and increase property value

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-03 Discuss the value and importance of U.S. real estate compared with the val

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-14 Based on your understanding of...

15) Based on your understanding of the supply and demand dynamics of user/space markets, the new construction of units would, all else equal, cause which of the following effects?

15) \_\_\_\_\_

- A) decrease equilibrium rental rates and decrease property value
- B) decrease equilibrium rental rates and increase property value
- C) increase equilibrium rental rates and decrease property value
- D) increase equilibrium rental rates and increase property value

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-03 Discuss the value and importance of U.S. real estate compared with the val

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-15 Based on your understanding of...

16) The expected stream of rental income is capitalized into value by converting expected future cash flows into present value through a process called:

16) \_\_\_\_\_

- A) amortization.
- B) discounted cash flow analysis.
- C) direct capitalization.
- D) proforma.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Basic

Gradable : automatic

Learning Objective : 01-03 Discuss the value and importance of U.S. real estate compared with the val

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-16 The expected stream of rental...

17) Capital markets can be divided into four main categories: private equity, public equity, private debt, and public debt. An example of a real estate asset that trades in the private equity market is a(n):

17) \_\_\_\_\_

- A) real property.
- B) home mortgage.
- C) equity REIT.
- D) mortgage-backed security.

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-03 Discuss the value and importance of U.S. real estate compared with the val

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-17 Capital markets can be divided...

18) An example of a real estate asset that trades in the public debt market is a(n):

18) \_\_\_\_\_

- A) real property.
- B) real estate operating company.
- C) equity REIT.
- D) commercial mortgage-backed security (CMBS).

**Question Details**

Accessibility : Keyboard Navigation

Accessibility : Screen Reader Compatible

Difficulty : Intermediate

Gradable : automatic

Learning Objective : 01-03 Discuss the value and importance of U.S. real estate compared with the val

Source : Chapter 01 Test Bank - Static > TB MC Qu. 01-18 An example of a real estate...