

RE510/URBDP 552A: Introduction to Real Estate – Syllabus

Autumn 2017

Lectures: TTH 10.30am-11.50am

Instructor:

Dr. Sofia Dermisi

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Tel: (206) 543-0756

Office hours: TTH 12-1.30pm or 3-4pm (students are required to schedule an appointment by email during or beyond office hours because office hours might not be held on a regular basis)

Attendance Requirements and Communication

The course does not have an attendance requirement except for the following occasions: guest speaker presentations, midterm, and final paper presentations. Students are required to bring their laptop for specific classes which focus on technical skills.

The preferred communication method for scheduling appointments or asking urgent questions is email. The instructor will make every effort to respond to emails within 24-hours. The instructor will communicate changes to the syllabus or any other urgent messages by posting an announcement on canvas. Students are requested to check canvas for any changes before each class.

Course Description

This is the introductory graduate course in real estate and does not assume any previous knowledge of real estate, although it balances the interests of beginner students and those currently in the industry. The mixture of fundamental concepts with expert guest speakers and discussions on real estate related news allows students to understand the workings of the real estate industry in more depth. The lectures cover: a) the participants and processes; b) the workings of different components of the real estate industry (e.g. property development, management, law etc.); and c) an overview of the quantitative components of the real estate decision-making.

All lecture materials will be posted on the course canvas website (<https://canvas.uw.edu/courses/>) one day in advance of each lecture. Additionally, the canvas course site will include all assignments and sources for market analysis sites, sites with up-to-date news and multimedia on real estate markets. To receive announcement notifications from canvas please access your notifications and select announcement (ASAP)

Learning Objectives

By the end of the course the students should have accomplished the following goals:

A. Overall:

- Apply basic analytical and quantitative techniques
- Demonstrate an ability to use technology & apply knowledge in new and unfamiliar circumstances
- Adopt innovative problem solving
- Communicate effectively
- Develop effective decision making

B. Specific:

- Understand the participants and processes involved in the real estate market
- Understand the steps needed before a real estate investment takes place
- Acquire basic competency in real estate finance calculations
- Improve real estate decision making capabilities & ethical decision making
- Identification of students' real estate area of interest

Texts & Equipment:

- **Required Textbook if the recommended cannot be obtained:** David C. Ling, Wayne R. Archer, **Real Estate Principles: A Value Approach**, 4th edition, 2013, McGraw-Hill ISBN-13: 978-0073377346

Recommended: Miller N., Geltner D., *Real Estate Principles for the New Economy*, 2005, Thompson Learning, ISBN-13: 978-0324187403

Barron's Business Dictionaries, *Dictionary of Real Estate Terms*, 2017, ISBN-13: 978-1438008769

- **Calculator:** None required for this class. All financial calculations will be taking place on excel.

Expectations & Grading

The syllabus outlines the material the students need to review each week in addition to the power points. It would be best if the students review the power points before each class and come prepared with questions and observations to allow for additional discussions on the subjects, but preparation before each class is not mandatory.

The final grades are curved based on the performance of all students in the class. Determining factors of the final grade are (Table 1): participation, a midterm, two take home assignments (Assignment 1 is qualitative, requiring socioeconomic research on various free websites. Assignment 2 is quantitative focusing on real estate finance problems) and a final paper on either a site-specific project (Table 2) or a real estate related issue which is not site specific (Table 3).

Table 1. Percentage determinants of final course grade

	<i>Date given out</i>	<i>Date due</i>	<i>Percentage</i>
Class participation through discussions			5%
Assignment 1 – qualitative	10/12	10/26	10%
Assignment 2 - quantitative	10/17	11/2	15%
Midterm		11/9	40%
Final paper presentations*		11/30, 12/5 or 12/7	5%*
Final paper		12/12	25%
Total			100%

* The presentation points will be weighted based on the timing of each student's/team presentation.

Students are free to choose their final paper topic as long as it is real estate related, follows the two general outlines (Tables 2 & 3) and receives the instructor's approval. All students are required to notify the instructor by email until **November 2th** on the following: a) which paper option they will be working on, b) the topic – even if it is preliminary and c) if they will be working alone or as part of a team. Students can work in teams on their final paper with up to three members but expectations will be higher than individual papers. Students will be responsible for their data gathering and if they are working as part of a team they will need to notify the instructor in writing on the sections of the final paper they worked on and provide them with their final paper submission. The instructor reserves the right to grade the team members differently based on their individual performance on the final paper. An in-classroom lottery will take place on **November 9th** to determine the presentation lineup for the two last classes.

A student/team can follow one of the two proposed general paper outlines. The first option is tailored to facilitate a student's understanding of the material covered in the class through a specific site (e.g. development of a property at a specific site, acquisition or disposition of a property at a specific site, etc.) (Table 2). The project is limited to 8 pages (1.5 spacing), without illustrations, and should include a one-page executive summary.

Table 2. General outline of first paper option - site specific

	<i>Points</i>
1. Location - description of metro area, city and neighborhood	15%
2. Market analysis – identification of steps & results of market analysis	25%
3. Appraisal - determination of appraisal method and why it is the best (if it is only one). Identification of comparable properties, their characteristics and how do they compare with the property in question	25%
4 a. Assumptions for your new development based on market analysis and area's new development (e.g. rents, expenses, etc) or b. Determination of criteria for the selection of the property to be bought	20%
5. DCF analysis	5%
6. Overall quality of paper	10%
7. Complexity of project (bonus points)	5%
Total	105%

The second paper option is not specific to a site but deals with a local, national or international real estate issue (e.g. subprime mortgage crisis, impact of interest rate fluctuations in the real estate market, impact of NIMBY's on real estate development etc.) (Table 3). This paper option is again limited to 8 pages (1.5 spacing), without illustrations, and should include a one page executive summary (Table 3).

Table 3. General outline of second paper option – not site specific

	<i>Points</i>
1. Depth of research in the topic of interest a. Literature review (recent books, academic journals, companies/project reports, newspapers) b. Local, regional, national, international effects of the topic discussed c. Interviews of real estate professionals and/or community representatives if there is conflict of interests)	20%
2. Local and regional effects of the area of study on the real estate market	20%
3. Justification of personal views on the future trends of the area studied	25%
4. Conclusion of study	25%
5. Overall quality of paper	10%
6. Complexity of paper (bonus points)	5%
Total	105%

All students/teams are required to upload on canvas their final paper on **December 12th** **by 10.30am**

Late Assignments/Final paper

Unless there are extraordinary circumstances, students are expected to turn in their assignments on canvas the day they are due at the beginning of the class or hand them in to the instructor. For every day assignment 1 is delayed a 10% reduction on the assignment grade will be applied. No late submissions will be accepted for assignment 2. Students should notify the instructor as early as possible if a legitimate scheduling conflict exists or if a medical condition will prevent them from meeting a deadline. Any assignment extensions must be approved in advance. If a verifiable emergency occurs and the student is not able to submit his/her final paper at the specified date he/she is required to notify the instructor immediately and will be given an extension to submit it electronically **until December 15th**, otherwise the final paper will not be included in their final grade.

In-Class Behavior

If you arrive late or must leave early, do so as quietly as possible. Cell phones should be set to silent mode prior to the beginning of class. Laptops are allowed during class – but should only be used for note taking or other class-related activities.

Academic Integrity

Students are expected to adhere to the UW's code of conduct. The student conduct code requires students to practice "high standards of academic and professional honesty and integrity." Students who are suspected of cheating or plagiarism will be confronted directly by the instructor, who will inform the appropriate parties within the Department, College, and University in order to determine if the student's actions warrant disciplinary action, which may include probation or dismissal. If you have any doubt about whether a specific use of material constitutes plagiarism or whether it is appropriate to work with others on a project or assignment, ask! The University's Student Conduct Code is Washington Administrative Code 478-120 (<http://app.leg.wa.gov/WAC/default.aspx?cite=478-120>). Also see: <https://depts.washington.edu/grading/pdf/AcademicResponsibility.pdf>

Student Safety

Students are advised to refer to UW policies and procedures to ensure their safety and security on campus. For more information, go to: <http://www.washington.edu/safecampus/> To report threats, seek advice, or get counseling, dial 206-685-SAFE (7233).

Disability Accommodation

The program is committed to ensuring learning opportunities for students with disabilities. If you would like to request academic accommodations due to a disability, please contact the office of Disability Resources for Students (<http://depts.washington.edu/uwdrs/>). If you have a letter from the office of Disability Resources for Students indicating you have a disability that requires academic accommodations, please present it to the instructor so we can discuss specific accommodations for this class.

CoStar Database Use: Students will receive access to the CoStar database which should be used exclusively for course related research, any professional use is not allowed. As soon as CoStar is accessible by all students a training session will take place which will require all students to bring the laptop they installed the CoStar certificate.

Course schedule

Lecture 1 (9/28) General Course Overview & Introduction to Real Estate

Readings: power point & Miller - Ling & Archer Chapter 1 or Geltner, Chapters 1 - 2

- Overview of the Real Estate System
- Real Estate Market participants & their skills
- Capital & Real Estate Markets

Lecture 2 (10/3) Urban - Spatial Economics & Real Estate (part 1)

Readings: power point & Ling & Archer Chapters 4, 5 or Miller - Geltner, Chapters 3 - 4

- Theories on city development
- Metro & local area definitions
- Factors attracting firms to an urban area
- Factors attracting labor & population to an urban area

Lecture 3 (10/5) Review of socioeconomic & other databases (part 1)

Readings: canvas links

Location Change: Arch 042

- **Personal computer/ipad requirement**
- Web-based demographic & economic resources

Lecture 4 (10/10) Urban - Spatial Economics & Real Estate & Appraisal (part 2)

Readings: power point & Ling & Archer Chapters 4, 5, 7 or Miller - Geltner, Chapters 3 – 4

Location Change: review material posted on canvas – no class

- Urban form & land values
- Urban economics & urban growth
- Appraisal methods & processes

Lecture 5 (10/12) Review of socioeconomic (part 2) and Basic Real Estate Finance process and tools

Readings: power point & Miller - Ling & Archer Chapters 10, 11, 14, 15 or Geltner, Chapters 17 – 18

Location Change: Arch 042**Personal computer/ipad requirement****Assignment 1 given out**

- Basic finance tools
- Influences on interest rates
- Mortgage markets & types

Lecture 6 (10/17) Introduction to Investment concepts & risk (part 1)

Readings: power point & Ling & Archer Chapters 8, 19 or Miller - Geltner, Chapters 11, 14 and 16 (p. 235–248, 289– 301, 331 -340)

Location Change: Arch 042**Personal computer/ipad requirement****Assignment 2 given out**

- Sources of real estate returns
- Investment return characteristics
- Causes of risk
- Proforma (DCF analysis)

Lecture 7 (10/19) Introduction to Investment concepts & risk (part 2)

Readings: power point & Ling & Archer Chapters 8, 19 or Miller - Geltner, Chapters 11, 14 and 16 (p. 235–248, 289– 301, 331 -340)

Location Change: Arch 042**Personal computer/ipad requirement**

- Sources of real estate returns
- Investment return characteristics
- Causes of risk

- Proforma (DCF analysis)

Lecture 8 (10/24) Real Estate Market Analysis (Residential, senior housing)

Readings: power point & Ling & Archer Chapter 6 or Miller - Geltner, Chapter 5 & 12-13

- Demand & supply factors of residential properties
- Why is senior housing important?
- Appraisal methods

Lecture 9 (10/26) Real Estate Market Analysis (Office, retail, industrial & specialized uses - hotels etc.)

Readings: power point & Miller - Geltner, Chapter 6 (only office portion)

Readings: Ling & Archer Chapter 6

Assignment 1 due

- Purpose of market analysis
- Overview & phases of real estate market analysis
- How is market analysis conducted & who uses it
- Demand & supply factors of office, retail and specialized uses
- Alternative uses of certain property types

Lecture 10 (10/31) Sustainability & Real Estate

Readings: power point & other provided links

- Sustainability overview
- LEED trends on different ratings (NC, EB, CS, CI etc.) and levels
- LEED, BREEAM and Green Globes impact on the built environment

Lecture 11 (11/2) Project Construction & Management

Readings: power point & other provided links

Assignment 2 due

- Objectives in Managing Projects & Project Management Evolution
- Types of Project Managers & their characteristics
- Stages of project design
- SWOT analysis, Gantt, Pert Charts, Critical Path method
- Construction project challenges & timeline development

Lecture 12 (11/7) CoStar training session (part 1)

Location Change: Arch 042

Personal computer requirement with CoStar license

Lecture 13 (11/9) Midterm

Lecture 14 (11/14) CoStar training session (part 2)

Location Change: Arch 042

Personal computer requirement with CoStar license

Lecture 15(11/16) Corporate Real Estate, Property Development

Readings: power point Miller - Geltner, Chapter 24

Readings: Ling & Archer Chapter 23

- What is corporate real estate and property management
- Management considerations
- Steps in the development process & decision-making process
- Developer timeline, personalities/team formation

- Components of feasibility studies

Lecture 16(11/21) Public-Private Development Initiatives

Readings: power point & other provided links

- Overview & reasons behind public/private partnership growth
- Basic types of public/private partnerships
- Advantages & disadvantages of development for public & private partner
- TIFs (Tax Increments Financing), SSAs (Special Service Areas) and BIDs (Business Improvement Districts)

Lecture 17(11/28): Affordable Housing/subsidies Development

Readings: power point & other provided links

Guest speaker: Rebecca Walter from UW

- Types of federal, state and local programs
- National trends

Lecture 18(11/30): Real Estate Law, Negotiations & Ethics in Real Estate & Student presentations

Readings: power point & Ling & Archer Chapter2, 3, 9, 13

- Legal concept of land
- Legal descriptions or real property
- Negotiation philosophy – process
- Contract negotiation
- Ethical decision making in real estate

Lecture 19(12/5): Student presentations

Lecture 20(12/7): Student presentations

12/12: Papers need to be uploaded on canvas by 10.30am