



THE GEORGE WASHINGTON UNIVERSITY

SCHOOL OF
BUSINESS

Real Estate Development Cases

FIN 6248

Spring 2015

Wednesday 7:10-9:40 PM in Room 151 of Duques Hall

Instructor:

Dr. Tom G. Geurts, FRICS

Phone: +1 (202) 994-7542

E-mail: TGG@gwu.edu

Room: Funger Hall 510

Office Hours:

Tuesday = 5:00pm – 6:00pm

Wednesday = 2:00pm – 5:00pm

Thursday = 1:00pm – 2:00pm

Course Overview:

The field of real estate is multi-faceted and encompasses many aspects, such as economics, finance, marketing, operations, project management, law, policy, taxation, engineering and architecture. FIN6248 is an applied course overlaying these varying aspects with practical applications specifically related to developing and investing in real estate assets. The decision-making techniques one has learned in core finance courses will be the starting point of the analysis of “real life” real estate cases, however the student will learn when and how to depart from and/or expand on these techniques in the face of the unique risk factors in real estate, particularly issues of investing under uncertain conditions, legal and political constraints, the use of collateralized leverage, taxation and tax shelters, uncertain time horizons, and variable exit strategies. We will focus particularly on the economic implications of competing objectives, regulatory obstacles, project management issues, and market forces in the analysis of different types of commercial real estate projects in different countries. This will include an in-depth picture of how real estate assets are valued, applied real estate capital markets, and practical aspects of acquiring, developing and owning commercial real estate.

An essential component of the course will be group work in analyzing one of four “real life” real estate cases. Two of these cases will be abroad, one in Berlin (Germany) dealing with the intricacies of redeveloping real estate in a congested and political sensitive area and the other one in Amsterdam (The Netherlands) where owning and operating real estate within a well-diversified portfolio will be analyzed. The choices of these real estate projects and countries is because the Germans have been doing this for a while and have more knowledge about this process that is useful for American developers. For the other case study it is important to realize that the Dutch are one of the largest global real estate investors in the world and as a percentage of their GDP by far outrank countries such as the US. In a globalized real estate market the knowledge about what “foreign” global real estate investors are thinking and doing is important, since they will provide capital and/or compete for profitable real estate opportunities in the United States.

For those students who are not willing or able to travel abroad there will also be local case studies, namely one dealing with the development of a retail real estate project and the other one dealing with analyzing a functional transfer of an office building to residential usage.

Course Objectives:

By the end of the semester, students are expected to be able to:

1. Analyze a commercial real estate development project with attention to key measures of profitability and total return,
2. Understand unique financial risks and tax implications associated with the use of debt to finance real estate investments,
3. Analyze real estate investments through the eyes of the most common players in the financing process, namely the equity investor, developer and the mortgage banker,
4. Comprehend the objectives of varying participants in the allocation of real estate equity and debt, including institutional investors, REITs, fee developers and mortgage bankers, and
5. Understand basic legal and political concepts that impact the value and/or profitability of a real estate asset.

Students will demonstrate these capabilities through class discussions, assignments, final project, and exams.

Course Requirements:

Class attendance and participation are strongly suggested. Attendance at exams is mandatory. Failure to complete an exam or group paper will result in a failure for the final grade. There are no make-up exams, unless the student has contacted the instructor *before* the scheduled exam and has a valid reason. Note that the exam dates and assignment submission dates are tentative, hence it is possible that they change. Any changes will be announced in class. It is the responsibility of the student to know about *any* announcements made by the professor!

Final Grades:

Final grades will be determined using the following weights:

Mid Term Exam	40%
Group Paper	30%
Presentation	15%
Assignments	15%
	===== +
	100%

The material to be learned for both exams will be non-comprehensive and will encompass the lecture material, the course textbook, and class discussions. The format of the exams will be essays and problems.

A total of 3 Assignments will have to be submitted in this course, where each assignment is worth 5% of your final grade. You have to do the assignments alone. **No credit will be given for assignments handed-in late, regardless of reason!!**

In order to receive full credit one has to show the work leading to the answer. Assignments with just the answers will NOT get full credit. Assignments need to be typed, hence I will ignore handwritten assignments.

Academic Integrity:

The School of Business at GW strives to promote an ethical learning environment and want to ensure that all students understand the concepts of academic integrity. We see this as an extremely important issue for the students' time at GW, but also for after graduation. Hence we require that all students familiarize themselves with the Code of Academic Integrity as found on the following link: <http://www.gwu.edu/~ntegrity/code.html>

Please read the Code of Academic Integrity carefully and make sure that you follow it whenever you submit any work for this course.

Sessions:

01/13/2015 = Course Overview and Introduction to Real Estate Economics and Market Analysis.

01/20/2015 = Real Estate: The BIG Picture.

01/27/2015 = The Top-Down Approach to Global Real Estate Investing.

02/03/2015 = Real Estate Investing Around the World: A Survey.

On 02/03/2015 **ASSIGNMENT 1** (5% of Final Grade) is due: See Blackboard for Instructions.

02/10/2015 = Real Estate Portfolio, Asset, Property, and Facility Management.

02/17/2015 = The Impact of the Legal Framework: An Introduction to Law and Economics.

On 02/17/2015 **ASSIGNMENT 2** (5% of Final Grade) is due: See Blackboard for Instructions.

02/24/2015 = Mid Term Exam (40% of Final Grade).

03/03/2015 = Discussion of Group Case Studies.

03/09/2015-03/13/2015 = Spring Break: Trips abroad to Amsterdam and Berlin.

03/17/2015 = Class Discussion of Experiences.

03/24/2015, 03/31/2015, and 04/07/2015 = Discussion of Case Study Analysis and Paper and Presentation Preparation. [Individual Group Sessions].

On 04/07/2015 **ASSIGNMENT 3** (5% of Final Grade) is due: See Blackboard for Instructions.

04/14/2015 and 04/21/2015 = Class Presentations (15% of Final Grade).

The Group Paper (30% of Final Grade) is due when presented in class.