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THE GEORGE WASHINGTON UNIVERSITY

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B U S I N E S S

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## **Real Estate Development Cases**

**FIN 6248**

*Spring 2014*

**Wednesday 7:10-9:40 PM in Room 111 of Phillips Hall at 801 22<sup>nd</sup> Street**

**Instructor:**

Dr. Tom G. Geurts, FRICS

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Room: Fungler 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 investing in and developing real estate assets. The decision-making techniques you have 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, real estate 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 group work in analyzing one of a number of “real life” real estate cases. As such, this course analyzes a number of advanced real estate topics using a mixture of lectures and case studies.

### **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 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	25%
Final Exam	20%
Group Paper	25%
Presentation	10%
Assignments	20%
===== +	
	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 4 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:**

**01/15/2014** = Introduction.

**01/22/2014** = Real Estate: The BIG Picture.

**01/29/2014** = The Top-Down Approach to Global Real Estate Investing.

**02/05/2014** = Discussion of the Case Studies.

On 02/05/2014 **ASSIGNMENT 1** (5% of Final Grade) is due: See Blackboard for Instructions.

**02/12/2014** = Real Estate Portfolio Management.

**02/19/2014** = Real Estate Asset, Property, and Facility Management.

On 02/19/2014 **ASSIGNMENT 2** (5% of Final Grade) is due: See Blackboard for Instructions.

**02/26/2014** = Real Estate Investing Around the World: A Survey.

**03/05/2014** = Mid Term Exam (25% of Final Grade).

**03/19/2014** = Components and Distribution of Real Estate Returns: Waterfalls and Clawbacks. (Joint Lecture)

**03/26/2014** = The Impact of the Legal Framework: An Overview of Real Estate Law.

On 03/26/2014 **ASSIGNMENT 3** (5% of Final Grade) is due: See Blackboard for Instructions.

**04/02/2014** = Local Real Estate Market Analysis. (Guest Lecture)

**04/09/2014** = Real Estate Investing: Past, Present, and Future.

**04/16/2014** and **04/23/2014** = Class Presentations.

On 04/23/2014 **ASSIGNMENT 4** (5% of Final Grade) is due: See Blackboard for Instructions.

Final Exam (20% of Final Grade) during Final Examinations Period.