



UNC CHARLOTTE

BELK COLLEGE *of* BUSINESS

**REAL ESTATE FINANCE & INVESTMENT
MSRE 6158 / MBAD 6158
FALL 2016**

Section(s): MSRE 6158 - U90 13178 / MBAD 6158 - U90 11154

Professor: Dr. Kiplan S. Womack
Office: Friday 346A
kwomack4@uncc.edu
704.687.7584 (office)

Class Info: Tuesday 5:30 pm - 8:15 pm
City Center Building, Room 601

Office Hours: Tuesday 4:45 pm to 5:30 pm, or by appointment.

This syllabus contains the policies and expectations I have established for this course. Please read the entire syllabus carefully before continuing in this course. These policies and expectations are intended to create a productive learning atmosphere for all students. Unless you are prepared to abide by these policies and expectations, you risk losing the opportunity to participate further in the course.

Course Prerequisites

MSRE 5110 (MBAD 5110) and MSRE 5131 (MBAD 5131)

Course Description

This course focuses on the techniques used to analyze, finance, and structure real estate transactions. Topics include: an overview of the real estate space and capital markets; the techniques of financial analysis and valuation; project ownership structures, taxation and financial structure; real estate in an investment portfolio; and determining the financial feasibility of real estate development.

Course Objectives

By the end of this course, successful MSRE/MBA candidates should be able to:

1. Demonstrate a working knowledge of important terminology used in the real estate industry. Students will demonstrate knowledge of commercial mortgage structures, contractual terms, and underwriting standards. Students will demonstrate knowledge of terminology and metrics used in the real estate valuation process.
2. Demonstrate the ability to use financial analysis techniques to evaluate complex real estate transactions. Students will demonstrate the ability to estimate the value of stabilized real estate assets.
3. Demonstrate the ability to effectively communicate information about real estate investment opportunities. Students will demonstrate the ability to succinctly convey information about the financial performance of real estate investments.

Course Methodology

Classes will mostly be lecture-based, but a variety of methods are employed to help make the class interactive and hands-on. This includes class discussions, videos, readings (textbook and assigned articles), calculations, real-world problems, problem sets, and of course exams.

Course Materials

- Real Estate Principles: A Value Approach; David Ling & Wayne Archer; 4th Edition; McGraw-Hill Irwin. (Required)
- Commercial Real Estate Analysis & Investments; David Geltner, Norman Miller, Jim Clayton, and Piet Eichholtz; 3rd Edition; Cengage Learning. (Required)
- Laptop that runs Microsoft Excel (Suggested). Students are permitted to use computers during class for note-taking and other class-related work only. Those using computers during class for work not related to that class should leave the classroom.
- Financial calculator (Required). I will use the Texas Instruments BA II Plus in class. Students are responsible for learning how to use their own calculator. Real estate investments are capital intensive, therefore mistakes are quite costly. In order to minimize such costs, students will be trained to perform all calculations on a financial calculator and in Excel. However, only financial calculators will be allowed during exams (no phone/tablet apps).
- Assignments, additional readings, and other resources will be posted in Moodle. Students are expected to check the website often for current postings (Required).

Course Grading

The components that make up the grading in this course are listed below:

<u>Component</u>	<u>Weight</u>
Mid-Term Exam 1	30%
Mid-Term Exam 2	30%
Final Exam	40%
Participation	(see next section)

Each exam will be a combination of multiple choice, short discussion questions, and “show your work” computational questions. The two mid-term exams will cover the topics covered in that section of the course. The final examination will be comprehensive.

Students arriving late for an examination will be permitted to sit for the exam only if no other student has turned in an exam before the late arrival. As soon as the first student turns in her/his exam and leaves the room, any student arriving later than this will not be permitted into the examination room and will receive a score of zero. Students arriving late for an examination receive no extra time.

Make up exams will not be given. If you provide documentation of a university approved conflict before missing the exam, your score on the final exam will be used as your score on the missed exam. If you miss an exam without such prior written approval from the professor, your score on the missed exam will be zero. No student will be allowed to miss more than one exam for any reason. If you miss the final exam for a documented medical reason, you will receive an incomplete grade (“I”) and will have to make arrangements to complete the course requirements in a later semester.

Best efforts are made to grade and give back exams to students at the next class meeting. Any challenges to the exam questions or to the grade received must be made in writing (via email) within 2 weeks from receipt of the graded exam. After this time period no grade changes will be considered or allowed. Final exams are not given back to students, but are available for review by appointment.

Attendance & Participation

Attendance is completely voluntary. However, class attendance is strongly recommended. Realize that there is normally a high positive correlation between class attendance and good grades. If you miss a class, it is your sole responsibility to get notes and etc. from another student. To help you maximize your impact in this class, below I have provided specific ways in which you can positively and negatively participate in class.

Positive Participation

Please be prepared to participate fully in the class discussion. You should read and think about each assigned reading, and come to class prepared to engage in informed discussion about their content and implications. Informed discussion is central to the success of the class. One of the primary advantages of being in a high quality graduate program is that you get to participate in interactive discussions with other bright people from different backgrounds and experience. Good class participation is that which contributes to the learning experience of the class as a whole. This includes asking interesting questions, sharing relevant personal insights and experiences, offering constructive alternative points of view, and providing courteous and professional feedback to other people's opinions. You can also contribute to the shared learning experience by offering pointers to additional articles or resources that add to the collective knowledge and learning of the group.

Negative Participation

The number one rule in this class is do not be a distraction! Activities that distract other students or the professor, disrupt the flow/quality of discussion, or in other ways reduce the effectiveness of classroom learning will be considered negative participation. (Included within this is your telephone ringing in class, inappropriate use of phone and laptops, excessive chatting with adjacent students, or inappropriate responses to other students' questions/comments).

The use of cell phones, smart phones, or other mobile communication devices is disruptive, and is therefore prohibited during class. Please turn your off your cell phones (or put them into silent mode) in the classroom.

Negative Participation Can Reduce Your Grade

Constant or excessive tardiness at the beginning of class or following breaks, as well as negative participation (discussed above) can result in a reduction to your final average.

Grading Scale

A	90 – 100
B	80 – 89
C	70 – 79
U	< 70

Code of Conduct

Academic dishonesty is not tolerated by the Belk College of Business or this professor. Standards of academic integrity will be enforced in this course. All students have the responsibility to read and abide by The UNC Charlotte Code of Student Academic Integrity. This Code forbids cheating, fabrication or falsification of information, multiple submissions of academic work, plagiarism, abuse of academic materials (such as Library books on reserve), and complicity in academic dishonesty (helping others to violate the Code). Students observing violations of the Code are expected to report this to the professor. If you do not have a copy of the Code, you can obtain one from the Dean of Students Office or access it online at <http://www.legal.uncc.edu/policies/ps-105.html>. Violations of the Code of Student Academic Integrity, including plagiarism, will result in disciplinary action as provided in the Code. Definitions and examples of plagiarism are set forth

in the Code. The professor may ask students to produce identification at examinations and may require students to demonstrate that graded assignments completed outside of class are their own work.

Diversity

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

Disabilities

If you have a disability that qualifies you for academic accommodations, please provide a letter of accommodation from Disability Services (phone 704-687-4355, 230 Fretwell Building) in the beginning of the semester.

Syllabus Changes

The standards and requirements set forth in this syllabus may be modified at any time. Notice of such changes will be by announcement in class, by email, or by changes to this syllabus posted on the course website.

Course Plan

A tentative course plan for the semester is attached. Changes may be made to this plan pursuant to the previous section.

TENTATIVE COURSE PLAN (SUBJECT TO CHANGE)

	<u>Topic</u>	<u>Chapters</u>
<u>SECTION I: REAL ESTATE VALUATION</u>		
Week 1	8/23 Introduction	L&A Ch.1 / G&M Ch. 7
Week 2	8/30 RE Markets, RE System, & 4Q Model	G&M Ch. 1, 2
Week 3	9/6 Valuation: Sales & Cost Approach	L&A Ch. 7
Week 4	9/13 Valuation: Income Approach	L&A Ch. 8 / G&M Ch. 11
Week 5	9/20 Valuation: Other Approaches & Property Types	Handout(s)
Week 6	9/27 Mid-Term Exam 1	
<u>SECTION II: REAL ESTATE FINANCE</u>		
Week 7	10/4 Mortgage Calculations & Laws	L&A Ch. 9, 10, 15
Week 8	10/11 Fall Break, No Class	
Week 9	10/18 Mortgage Calculations & Laws	L&A Ch. 9, 10, 15
Week 10	10/25 Mortgage Underwriting & Markets	G&M Ch. 18
Week 11	11/1 The Effects of Leverage	G&M Ch. 13
Week 12	11/8 Mid-Term Exam 2	
<u>SECTION III: REAL ESTATE INVESTMENT ANALYSIS</u>		
Week 13	11/15 Income Taxes	L&A Ch. 20 / G&M Ch. 14
Week 14	11/22 Income Taxes & Investment Analysis	L&A Ch. 20, 19 / G&M Ch. 14, 10
Week 15	11/29 Investment Analysis	L&A Ch. 19 / G&M Ch. 10
Week 16	12/6 Exit Strategies	Handout
	12/13 Final Exam 5:30-8:15	