



Department of Geography



GEOG 3464F:

Financial Feasibility of Urban Developments

Course Outline

Fall 2013

Location: SSC 2333
Days/Hours: Mon 7:00-10:00 PM

Prerequisite checking - the student's responsibility

Prerequisite(s):
GEOG 2460F/G (the former Geography 277F/G)
BUS 257 is strongly recommended.

Antirequisite(s):
The former GEOG 377F/G, the former GEOG 378F/G, and the former GEOG 333E.

Please consult the calendar for updated information. Unless you have either the requisites for this course or written special permission from your Dean to enroll in it, you may be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.

Instructor Information

Instructor Information

Name and title: Joseph D. Shaw, Lecturer
Contact information: josephshawcfa@gmail.com
Phone: 647-408-2201
Office hours: By Appointment
Course webpage: Posted via WebCT

Course Syllabus

Description

The object of the course is to provide students with practical applicable commercial property valuation skills and the ability to conduct financial feasibility analysis. This quantitatively heavy course will expose students to

the three major valuation approaches, development proformas and the financial component of lending. It will develop a student's ability to conduct direct research on the financial factors involving development and require interaction with industry practitioners.

Objectives

The objective of the course is to understand the economics of, and financial metrics used in the analysis of real estate investments, development projects, and real estate debt and capital markets; to introduce students to the principal concepts and theories in real estate investment and finance building on the student's academic background in investment analysis; and to understand the drivers of a commercial property's net operating income and hence its value.

Course Materials

Course readings

The textbook for the course will be Brueggeman and Fisher, "Real Estate Finance and Investments" Fourteenth Edition. McGraw-Hill Irwin, New York, 2011. This book will be available at the Campus Bookstore. A financial calculator (with time value of money functionality) is required at every class.

Students are expected to have read the readings before class and be ready to discuss and debate them in the lectures. See the above schedule for mandatory readings. Additional suggested readings for the course are listed as below:

Brooks, Michael J. 2006. Canadian Real Property -Theory and Commercial Practice

Deloitte REIT Guide. Deloitte and Touche

Approach

The course is run as a series of weekly lectures. Some class time is allocated to guest lectures and presentation of student work.

Week	Date	Session	Content	Pre-Readings
1	Sept 9 th	Introduction to Real Estate Finance	1. Course overview, expectations, class conduct, materials; 2. Overview of real estate property and capital markets	Brueggeman Ch. 1 and 9 pp. 245-253
2	Sept 16 th	Real Estate Finance: Core Metrics 1	Basic time value of money: DCF, IRR, NPV, Discount Rate, Amortization	Brueggeman Ch. 3

3	Sept 23 rd	Real Estate Finance: Core Metrics 2	Basic Valuation: property P&L, 3 approaches to value, cap rates, discount rates, modeling	Brueggeman Ch. 10
4	Sept 30 th	Income: Core Metrics 3	Leases: gross vs. net, reimbursements, rights, options, NER	Brueggeman Ch. 9 pp. 242-250 Office Lease www.realpac.ca
5	Oct 7 th	Midterm	2 Hours + Closed Book	
6	Oct 14 th			NO CLASS - Thanksgiving
7	Oct 21 st	Applying Math to Real Estate	1. Review Midterm 2. Applying IRR, NPV and DCF to CRE; understanding and pricing risk; selection between competing opportunities	Applying IRR, NPV and DCF to CRE; understanding and pricing risk; selection between competing opportunities
8	Oct 28 th	Financing	Basic Real Estate Finance – the underwriting process	Brueggeman Ch. 2, 4
9	Nov 4 th	Financing	Debt, underwriting metrics and approaches	Brueggeman Ch. 12
10	Nov 11 th	Real Estate Capital Market	Securitization of real estate equity and debt; corporate debt; capital market valuation and public/private market arbitrage	Brueggeman Ch. 21, 22
11	Nov 18 th	Corporate Real Estate	Lease vs. buy analysis; outsourcing, property management	Brueggeman Ch. 15
12	Nov 25 th	Development	Development financing	Brueggeman Ch. 16
13	Dec 2 nd	Course Review and Presentations	Submission of Case Case Presentations Review of post Mid-Term Content	
14	TBA	Final Exam		

Methods of Evaluation of Assignments

Methods of Evaluation of Assignments

The course has 5 components: Class Participation, Mid-Term, Case Study and Presentation, and Final.

(a) Class Participation. Class participation is worth 10% towards the final course grade.

(b) Mid-Term Exam. The final is worth 30% towards the final grade. The tests will be short answer and multiple choice and survey material from the readings and class discussion.

(c) Case Study. The case study is worth 20% towards the final course grade. The term essay is a mini-research exercise. The objective of this exercise is to provide a learning experience for students to conduct practical research and to professionally analyze a commercial property development.

(d) Presentation. Learnings from the case study will be shared in a short presentation to classmates. This presentation represents 10% of the final grade.

(e) Final Exam. The final is worth 30% towards the final grade. The tests will be short answer and multiple choice and survey material from the readings and class discussion.

In sum, the breakdown of the course grades is given as follows:

<u>Grading scheme</u>	<u>Grade</u>	<u>Date due</u>
Class participation	10%	NA
Mid-Term	30%	October 7
Case Study	20%	December 2
Presentation	10%	December 2
Final	30%	TBA

Students are responsible for the content of any lectures that they have missed. The material will not be re-taught.

Late assignments will be penalized at 10% per day, including weekends. Assignments more than a week late will not be graded.

Papers are to be submitted to Mr. Shaw by hand or to his email address (josephshawcfa@gmail.com).

Requests to have an assignment re-read, re-checked, or re-graded must normally be made no later than two business days following return of the assignment, and must include a brief written explanation. The instructor

reserves the right to adjust the grade both upward and downward, where appropriate.

For UWO Policy on Accommodation for Medical Illness and a downloadable SMC see:

http://www.uwo.ca/univsec/handbook/appeals/accommodation_medical.pdf

Downloadable Student Medical Certificate (SMC):

<https://studentservices.uwo.ca> under the Medical Documentation heading

Students seeking academic accommodation on medical grounds for any missed tests, exams, participation components and/or assignments worth 10% or more of their final grade must apply to the Academic Counselling office of their home Faculty and provide documentation. Academic accommodation cannot be granted by the instructor or department.

Additional Statements

Statement on Use of Electronic Devices

No electronic devices will be allowed during tests and examinations.

Statement on Academic Offences

Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site:

http://www.uwo.ca/univsec/handbook/appeals/scholastic_discipline_undergrad.pdf

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted for such checking will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com (<http://www.turnitin.com>).

Computer-marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating.

Mental Health

If you or someone you know is experiencing distress, there are several resources here at Western to assist you. Please visit the site below for more information on mental health resources:

<http://www.uwo.ca/uwocom/mentalhealth/>.

Western's commitment to accessibility

The University of Western Ontario is committed to achieving barrier free accessibility for persons studying, visiting and working at Western.

Please contact the course instructor if you require material in an alternate format or if you require any other arrangements to make this course more accessible to you. You may also wish to contact Services for Students with Disabilities (SSD) at 661-2111 x 82147 for any specific question regarding an accommodation.

Support Services

Registrarial Services: <http://www3.registrar.uwo.ca/index.cfm>

Student Development Services: <http://www.sdc.uwo.ca/>