



Department of
Geography



GEOG 3464F:

Financial Feasibility of Urban Developments

Course Outline

Fall 2017

Location: SSC 1004 and via video conference
Days/Hours: Thursdays from 7-9pm as below

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.

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: Joseph D. Shaw
Contact information: jshaw86@uwo.ca
Phone: 647-408-2201
Office hours: Via Owl or Cell
Fridays 8-9 PM or by appointment

Graduate Assistant: Evan Cleave
Contact information: ecleave2@uwo.ca

Course webpage: Posted via OWL

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 that drive income-producing real estate's profitability 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, 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 Peter Linneman's "Real Estate Finance and Investments: Risks and Opportunities" 4th Edition. Linneman Associates, Philadelphia, PA, 2016. This book is 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 schedule below 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, almost all delivered remotely.

Class	Date	Content	Pre-Readings
1	Thursday, Sept 7th	Course overview, expectations, class conduct, overview of real estate property and capital markets	
2	Thursday, Sept 14th	Basic time value of money	Chapters 1 and 2
3	Thursday, Sept 21th	Leases: gross vs. net, reimbursements, rights, options, NER Office Lease	Pre-requisite I Chapter 3
4	Thursday, Sept 28th	Net Operating Income and Cash Flow	Chapter 4, Sup A
5	Thursday, Oct 5th	3 approaches to value, cap rates, DCF, IRR, NPV, Discount Rate, modeling	Pre-requisite II Chapters 5 and 6
6	Thursday, Oct 12th	Fall Study Break	
7	Thursday, Oct 19th	Applying IRR, NPV and DCF to CRE; understanding and pricing risk; selection between competing opportunities Exiting investments	Supplemental 1 Chapters 7 and 16, Sup A, B, C
8	Thursday, Oct 26th	Midterm - 2 Hours, Closed Book	
9	Thursday, Nov 2nd	1. Review Midterm 2. Basic Real Estate Finance – the underwriting process 3. Selection of Case Property Required	Chapter 12 Pre-requisite III
10	Thursday, Nov 9th	3. Debt, underwriting metrics and approaches 4. CMBS	Chapters 13 and 14, Sup A & B Supplemental II

11	Thursday, Nov 16th	Real Estate Capital Markets Securitization of real estate equity and debt; corporate debt; capital market valuation and public/private market arbitrage	Chapters 10, 17, Sup A & B and 18, Sup A & B
12	Thursday, Nov 23rd	Corporate Real Estate Lease vs. buy analysis; outsourcing, property management Ethics Real Estate Cycles	Chapters 19 and 21 Chapter 20, Sup C
13	Thursday, Nov 30th	Case Presentations Part 1	
14	Thursday, Dec 7th	Case Presentations – Part 2 Submission of Case	
	TBD	Final Exam - 2 Hours, Closed Book	

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 as follows:

(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) Individual 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:

Grading scheme	Grade	Date due
Class participation	10%	NA
Mid-Term	30%	October 26 th
Presentation of Case Study	10%	Dec 1 st and 7 th
Case Study Submission	20%	December 7 th
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.

The case study (word document and excel file) and presentation slides are to be submitted to both Mr. Cleave and Mr. Shaw by email.

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/pdf/academic_policies/appeals/accommodation_medical.pdf

http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf

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/pdf/academic_policies/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://www.registrar.uwo.ca/>

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