

RE494/RE591
 Professor Crocker H. Liu
 3:10-5 p.m. MW BA258
 (480)965-3259 Office
 (480)965-8539 Fax
 Email: crockerliu@gmail.com

Spring 2008
 BAC575
 Office Hours:
 5-6 p.m. MW

Real Estate Process I & II

Course Objective: This course is not designed to provide an overview of real estate brokerage. Rather, this course is tailored for the serious student who wants an in-depth perspective of the theory and applications of financing and investing in real estate with an emphasis on commercial real estate although residential real estate will also be covered. This course is not a how to get rich quick in real estate with no money down.

Texts	Brueggeman and Fisher (BF), Real Estate Finance and Investments, Irwin 13 th Ed. EXCEL spreadsheets for many of the exhibits displayed in the chapters are provided at the following site http://highered.mcgraw-hill.com/sites/0073524719/student_view0/index.html Harvard Business School Case: Angus Cartwright
Class Packet	Lecture notes are available at the Computing Center
Reading Packet	Readings are available for download on my website for this course. The password will be given on the first day of class.
Software	You will be required to purchase the ARGUS software package which is good for 1 year. 2. I will give you the id and a password on the first day of class. Be sure to enter it twice. You will need to go to a link that takes you to an order form. The university version is always version 12. At this link you can purchase the following: a) the manual (\$35) - UPS 2-day shipping, b) the software (\$50) - will take a 1.5 day processing period and then be emailed to student, c) the manual and the software together. The Brueggeman disk that comes with the book is not an all-inclusive program and serves as an introduction to this software.

Grading: Grading is based on the class curve rather than the total number of points and adheres to the grading curve.

Each Case (5 Cases)	12% (60% Total)
Midterm Exam	15%
Final Exam	25%

Each of the cases is an **INDIVIDUAL** case study. Students must turn in assignments on the date due by the beginning of class. No late submissions are allowed. Grading is based on the class curve. This means that if you score 60 out of 100 points and yours is the top grade in the class, you receive an A on that case or exam.

Topic Schedule

Week	Date	Topic	Assigned readings/Assignment
1	2/25- 2/27	Time Value of Money R.E. Finance Process	BF, Ch3 The Interest Factor in Financing Glossary of Commercial R.E. Terms (NAR)
2	3/03- 3/05	Real Estate Cycles	<p>Readings:</p> <ol style="list-style-type: none"> 1) Price Waterhouse Coopers (PWC), 1999, Real Estate Cycle Methodology 2) John Krainer, Number 2006-15, June 30, 2006, Residential Investment over the Real Estate Cycle, FRBSF Economic Letter 3) ULI and PWC, 2007, Emerging Trends in Real Estate 4) Martin Shields, Penn State <ul style="list-style-type: none"> - An Introduction to the Industry and Employment Classification System, - Tool 1. Develop a “Snapshot” of Important Local Economic Indicators - Tool 2. Chart the Historical Performance of Key Economic Indicators - Tool 3. Use Location Quotients to Identify Local Strengths, Opportunities, and Industry Clusters - Tool 4. Shift-Share Analysis Helps Identify Local Growth Engines <p>BF, Ch7 Single Family Housing: Regional Economic Influences on Property Values (pp. 185-192)</p> <p>Case 1: Market Analysis</p>
3	3/10 – 3/12	Spring Break	
4-5	3/17- 3/24	Mortgages	<p>BF, Ch1 Intro to R.E. Investment: Legal Concepts BF, Ch2 Financing: Notes and Mortgages BF, Ch4 Fixed Rate Mortgage Loans BF, Ch5 Adjustable Rate Mortgages BF, Ch6 Residential Financial Analysis BF, Ch7 Single Family Housing: Pricing, Investment, and Tax Considerations BF, Ch8 Underwriting and Financing Residential Properties</p> <p>Case 2: Housing Affordability</p>
5	3/26	Building Envelope	<p>Readings:</p> <p>Understanding Density and Floor Area Ratios (Boulder) Floor Area Ratio Demonstrations (Tampa) Design Guidelines: ASU Scottsdale Center (Scottsdale)</p>

Week	Date	Topic	Assigned readings/Assignment
6	3/31 – 4/02	Solvency (Backdoor/ Frontdoor)	Readings: Wayne Etter, A Primer in Real Estate Analysis, Real Estate Center, Texas A&M Case 3: Backdoor/Frontdoor (Back of the Envelope)
7	4/07	Midterm Exam	Note: Midterm is given <i>after</i> we cover solvency
7-8	4/09 – 4/21	Cash Flow Analysis (including ARGUS) Valuation	BF, Ch 9 Introduction to Income Producing Properties: Leases, Rents, and the Market for Space BF, Ch10 Valuation of Income Properties: Appraisal and the Market for Capital BF, Ch11 Investment Analysis and Taxation of Income Properties BF, Ch13 Risk Analysis Introduction to ARGUS (training materials are on my password protected website) Case 4: Angus Cartwright Case (Harvard Case)
9	4/23	Financing Alternatives	BF, Ch12 Financing Leverage & Financing Alternatives BF, Ch14 Disposition and Renovation of Income Properties BF, Ch15 Financing Corporate Real Estate
9-11	4/28 - 5/05	Location Analysis	Readings: Thrall, et al., Applying the 7 Step Site Selection Methodology to Red Lobster, Geospatial Solution - Steps 1 and 2, Feb98, pp. 40-43 - Step 3: Assessing Rel. Performance, April98, pp. 38-44 - Step 4: identify Situation Targets, June98, pp. 38-43 - Step 5: Assess Market Penetration, Sept98, pp. 46-50 - Step 6: Identify Mkts for Expansion, Nov98, pp. 42-45 - Step 7: Judgement, Feb99, pp. 36-37 Case 5: Location Analysis
11	5/07	Final Exam	