

# Course Syllabus

## **Business Finance 3400 Introduction to Real Estate Spring 2020**

Professor: Mary Beth McCormick

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Office Hours: Mondays, 9:30-10:30 a.m., Mason Hall Room 241.

To schedule an appointment, please email me.

### **Course Description**

Business Finance 3400, Introduction to Real Estate, is designed to give students a solid understanding of the commercial and residential real estate markets. The ownership, development and management of real estate has traditionally been a major economic driver and means of wealth creation. Increasingly real estate has grown in importance as an asset class for investors, and presents a wide array of career opportunities. In addition to learning about major property types included in commercial real estate, students will learn the basics of property valuation, risk analysis, development and due diligence. In addition, they will learn about the variety of careers that relate to commercial and residential real estate.

At the end of the course, students will be able to demonstrate they understand:

- 1) The nature and relative importance of major property types.
- 2) The basic elements of property valuation, including revenues and expenses tied to operating properties
- 3) The relationship between real estate and the community
- 4) Fundamentals of due diligence, property and asset management, development and leasing
- 5) Key drivers for investing in commercial real estate, including capital flows and sources and exit strategies

### **Course Resources:**

Course lecture notes are posted on the course website. Please bring your notes to class each day so that you can effectively participate in the class discussion.

Course packet with readings and cases will be available through Carmen. The link and information to access the material will be posted on the content section of the course website.

Required readings are posted on the class website and listed in the Course Schedule section of the Syllabus. Additional readings related to current events may be added to the course website and/or distributed in class. These additions will be announced in class.

### **CLASS MATERIALS:**

No text book will be assigned, however, I recommend the book Real Estate Finance and Investments – Risk and Opportunities, by Peter Linneman, Ph.D. and Bruce Kirsch – Fifth Edition. This book is required for Real Estate Finance (Business Finance 4410). Both the

book and the excerpted chapters are available at [www.linnemanassociates.com](http://www.linnemanassociates.com). You can also purchase this at the University Book Stores. Please refer to OSU BusFin3400 for the suggested Chapters. An older edition of the book may be available that covers much of this material as well.

Course material will be posted to course website prior to class on Carmen. Please check this site regularly.

Supplemental readings related to current events may be added to the course website and/or distributed in class.

### **Course Requirements:**

Exam on **February 19 (25% of the grade)**

Exam on **April 8 (25% of the grade)**

Both exams will be given electronically on Carmen. You must be present in the classroom to be able to take the exam. A required password will be provided at that time. Bring a laptop or similar device to access the exam.

**Course Paper.** Students will be assigned to groups of five and given a topic of current relevance to analyze and present on their designated date. Preliminary outlines are due **January 21, 2020. (4% of total grade)**. Papers are due by 11:59 p.m., Sunday, **March 29th**. Each group will present their paper to the class as a whole. Group members will be required to provide a forced ranking of each person's contribution to the project. The paper is worth **15%** of the total grade. The presentation is worth **6%** of the total grade.

**Homework.** Preliminary analysis of case studies and practice worksheets based upon material we cover in class will be assigned. Homework must be submitted through Carmen before the beginning of class. Grades will be based upon completeness and accuracy. (**5%** of the total grade).

**Participation in Industry Event.** Each student is expected to attend a local real estate industry event and provide a brief synopsis of the experience. The Center for Real Estate here at FCOB and the Columbus Council of the Urban Land Institute are two groups that regularly host informative and accessible events at little or no cost to students. (**5%** of the total grade)

**Class Participation.** Class participation is an important part of this class. Come prepared and ready to participate to every class. We will be breaking into small groups in class to analyze problems and report back to the entire group. Your participation here is essential. In addition, I often ask questions and I expect you to be prepared to answer them. I will track attendance and participation and expect each of you to participate regularly during the course. In addition to attendance, your class participation grade will include such things as positive participation, asking thoughtful questions, respect for your fellow students, and preparation for the scheduled lecture topic. (**15%** of the final grade).

### **Electronic Devices:**

The absence of unnecessary distractions and interruptions is essential for a positive and effective learning environment. Therefore, students **may not** use any electronic device in class without submitting a prior written request and receiving explicit permission from the

me in advance. All electronic devices must be turned off and put away prior to the start of class.

**Exam Policy:**

The course paper and presentation is in lieu of the final exam. There will be no make-up exams for the midterms.

**Extra Credit/Grade Change Policy:**

Extra credit will not be offered unless it is available to the entire class.

**Attendance at other sections:**

There are two other sections of Business Finance 3400 offered this semester. I am coordinating lecture content with my colleagues (Steve Stuckwisch and Sharon Shaffer) who teach the other sections. If you wish to attend a session of another section, you must have my permission in advance. Be aware that the material we cover in our section may be covered on different dates in the other sections.

All students are required to attend their home section for the group presentations and for both exams. If you do attend a different section, please let me know so that I can give you credit for attendance.

The other sections are:

Tuesday/Thursday from 8:00 a.m. - 9:20 a.m. in Gerlach Hall, Room 305

Monday/Wednesday from 7:05-8:25 p.m. in Schoenbaum 230

**Office hours:**

My office hours are Mondays from 9:30-10:30. Unless announced otherwise, I am available to meet with students on an individual basis during office hours or by appointment.

**Course website:**

I will maintain communication through Carmen. The URL is <https://carmen.osu.edu>.

I will use this website to post course slides, readings, and assignments. Please check this regularly.

**Communication:**

The quickest way to contact me is by email at [mccormick.397@osu.edu](mailto:mccormick.397@osu.edu). I will usually respond within a few hours.

**DISENROLLMENT**

University Rule 3335-8-3 provides that a student may be dis-enrolled after the third instructional day of the semester, the first Friday of the semester, or the student's second class session of the course, whichever occurs first, if the student fails to attend the scheduled course without giving prior notification to the instructor.

**ACADEMIC INTEGRITY:**

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students

have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's Code of Student Conduct and this syllabus may constitute "Academic Misconduct." The Ohio State University's Code of Student Conduct (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's Code of Student Conduct is never considered an "excuse" for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct. (You can find the full Code at [http://studentlife.osu.edu/pdfs/csc\\_12-31-07.pdf](http://studentlife.osu.edu/pdfs/csc_12-31-07.pdf) )

In accordance with the University Faculty Rule 3333-5-487, all instances of alleged academic misconduct will be reported to the Committee on Academic Misconduct, which recommends appropriate sanctions to the Office of Academic Affairs. There will be no exceptions to this rule. Course papers must be the sole original work of your group. You may not use work done by others. If you use information from outside sources in your work, you must properly cite those sources.

#### **Students with Disabilities:**

If you feel you may need an accommodation based on the impact of a disability, please contact me privately to discuss your specific needs.

Here is the Class Schedule:

Week	Date	Topic
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#### **OVERVIEW AND BIG PICTURE:**

WEEK 1.1	January 6, 2020	Intro to Real Estate - Property Sectors, Real Estate Careers
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#### **SECTION 1: OVERVIEW OF MAJOR PROPERTY TYPES**

WEEK 1.2	January 8, 2020	Evolution of Real Estate/Review of Major Property Sectors
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WEEK 2.1	January 13, 2020	Residential
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WEEK 2.2	January 15, 2020	Industrial <a href="#">Industrial Articles</a>
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WEEK 3.1	January 20, 2020	MLK Day - No Class
	January 21, 2020	Deliverable - Project Outline due by Midnight

WEEK 3.2	January 22, 2020	Office
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WEEK 4.1	January 27, 2020	Office Case Study/Industrial Case Study
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[680-Folsom-Street-Case-Study.pdf](#) 

[SouthPark IV](#)

WEEK 4.2 January 29, 2020

Multifamily

WEEK 5.1 February 3, 2020

Multifamily Case Study

[The Dentons Investment Package.pdf](#) 

WEEK 5.2 February 5, 2020

Retail

WEEK 6.1 February 10, 2020

Retail Case Study/Game of Real Estate

[Game of Real Estate.docx](#) 

WEEK 6.2 February 12, 2020

Hotel

WEEK 7.1 February 17, 2020

Review

WEEK 7.2 February 19, 2020

Midterm 1

WEEK 8.1 February 24, 2020

Real Estate Cycles

[Real Estate Cycles](#)

## **SECTION 2: WHO MAKES IT HAPPEN?**

WEEK 8.2 February 26, 2020

Law

WEEK 9.1 March 2, 2020

Brokerage

WEEK 9.2 March 4, 2020

Property/Asset Management

WEEK 10.1 March 9, 2020

Spring Break - No Class

WEEK 10.2 March 11, 2020

Spring Break - No Class

WEEK 11.1 March 16, 2020

Development

WEEK 11.2 March 18, 2020

Acquisitions

## **SECTION 3: WHERE DOES THE MONEY COME FROM?**

WEEK 12.1 March 23, 2020

Private Equity/REITs

[Private Equity/REITs](#)

WEEK 12.2	March 25, 2020 March 29, 2020	Case Study/Exercise Group Project Paper Due By Midnight <a href="#">Semester Project</a>
WEEK 13.1	March 30, 2020	Institutional Investing
WEEK 13.2	March 30, 2020	Real Estate Capital Stack/Leverage Worksheet <a href="#">Leverage Worksheet.docx</a> 
WEEK 14.1	April 6, 2020	Review
WEEK 14.2	April 8, 2020	Midterm 2
WEEK 15.1	April 13, 2020	Group Project Presentation 1
WEEK 15.2	April 15, 2020	Group Project Presentation 2
WEEK 16.1	April 20, 2020	Group Project Presentation 3