Course Catalog Description
Students will learn about real estate capital markets and the mix of the necessary financing sources required of developments. Students will evaluate criteria used by developers, real estate lenders and capital providers looking to minimize risk and maximize returns on real estate investments.

Course Description and Course Learning Objectives
This course focuses on the financial dimensions of the real estate development process from conception, feasibility analysis, due diligence, entitlements, planning, financing, market analysis, contract negotiation, construction, marketing, asset management and disposition. We will study market dynamics, capital finance, joint venture formation, project management and the entitlement process. The course will include a real estate group project, readings and guest lecturers.

Upon successful completion of the course, students will be able to meet these learning objectives (CLOs):

Instructor: Orlando Reyes
Office location: Washington Square Hall (WSQ), TBD
Telephone: (415) 917-3229
Email: orlando.reyes-rodas@sjsu.edu
Office hours: Wednesdays, 6:30-7pm (by appointment)
Class days/time: Wednesdays from 7:30 – 10:15pm
Classroom: TBD
Class website: TBD
Prerequisites: None. Recommended prior knowledge of spreadsheets.
Units: 3
1. Ability to address the major components of the Real Estate development process including:

   a) Determine project viability based on market conditions, development costs, and entitlement feasibility
   b) Conceptualize a site layout for a project
   c) Formulate a program of pre-development tasks and budgets
   d) Determine price and terms for land acquisition.
   e) Conduct due diligence on site acquisition
   f) Understand how the entitlement process works
   g) Understanding the Roles of the Development Team
   h) Understanding of Risks and Challenges in Real Estate Development

2. Ability to interpret real estate appraisal reports using the following three methods:

   a) Income capitalization approach
   b) Market or sales comparison approach
   c) Cost or replacement approach

3. Ability to structure the capital financing for a real estate development project, including the terms for debt and equity participation, addressing these financing parameters:

   a) Current capital market conditions and underwriting criteria for debt and equity
   b) Basics of evaluating and presenting project viability to attract capital to a project
   c) Identify financing sources for each component of the development process
   d) Crafting a joint venture with alternative investment scenarios
   e) Structuring the waterfall distribution of return on equity among investors and the operating partner

**Course Format**

The course will be primarily conducted in person on campus each week. Your attendance is important to facilitate our understanding of the course material and required projects. Discussion of current trends will also benefit from attendance in person for the entire class. There will be at least one outside guest speaker on a topic connected to the curriculum. For some sessions and class exercises it will be required that the students bring their laptops to the class. If you do not have a laptop, please note the University provides laptops for checkout.
**Required Course Texts**


**Course Requirements and Assignments**

Your grade for the course will be based on the following assignments and graded activities:

<table>
<thead>
<tr>
<th>Assignments and Graded Activities</th>
<th>Due Date(s)</th>
<th>Percent of Course Grade</th>
<th>Course Learning Objectives Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class Participation</td>
<td></td>
<td>20%</td>
<td>1-3</td>
</tr>
<tr>
<td>Assignment #1 Homework and Problem Sets. (from the textbook Real Estate Finance and Investments)</td>
<td></td>
<td>10%</td>
<td>1</td>
</tr>
<tr>
<td>(In Groups)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assignment #2 Case Studies (case studies will be given by the instructor). Individual.</td>
<td>Per class schedule below</td>
<td>20%</td>
<td>2</td>
</tr>
<tr>
<td>Assignment #3 Case Studies (case studies will be given by the instructor). Individual.</td>
<td>Per class schedule below</td>
<td>20%</td>
<td>3</td>
</tr>
<tr>
<td>Assignment #4: Group Project (feasibility analysis of a property or piece of land currently for sale in the Bay Area)</td>
<td>Per class schedule below</td>
<td>30%</td>
<td>1 - 3</td>
</tr>
<tr>
<td>(In Groups of 3-4 students)</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

**Class Participation and in-class exercises:**

Your participation grade for this course will be based on attendance of in-person sessions, participation in synchronous online sessions, and completion of 4 “mini assignments”. These mini-assignments will be graded.

**Homework and Problem Sets:**

There will be required readings, homework and problem sets due every Wednesday.
Homework will be to emphasize the concepts learned during the week and practice the financial analysis tools in real estate. Problems will be from the required textbook Real Estate Finance and Investments or as prescribed by the Instructor.

There will be 4 assignments that the students will need to prepare a written paper and a presentation. 3 assignments will be individual, 2 will be in groups. The deadline for each case study is shown below at the class schedule.

**Group Project:**

One of the main deliverables of the class will be a Group Project that will be given on October 16th. (3-4 students per group - assigned by the instructor)

The Group Project will be an opportunity to apply all the concepts learned in the class to the development of a real piece of land or existing structure that is currently for sale on the market in the Bay Area. Students will need to meet with City Officials, Real Estate Broker and make a proposal for the development based on the current zoning. Students will need to prepare preliminary design sketches, a market analysis, and a financial pro-forma of the project detailing all development costs, future revenue and expected profit. Each group will submit an Excel Model with the Project Pro-Forma; a three to five page investment memorandum detailing their investment proposal (including the constraints and risks of the investment) and a 20-25 minute presentation to the entire class. The Instructor will also meet with each group during the Semester. The deadlines and deliverables for the Group Project are shown at the class schedule below.

**Grading Information**

The course letter grade will be determined by the total accumulated points a student is awarded from the elements shown in the table above. Final letter grades will result from total points received by each student based on the following grading scheme: A+ (96 and above); A (93 to 95); A- (90 to 92); B+ (87 to 89); B (84 to 86); B- (81 to 83); C+ (78 to 80); C (75 to 77); C- (72 to 74); D+ (69 to 71); D (66 to 68); D- (63 to 65); F (below 63).

**Other Grading and Assignment Issues**

Late assignments will only be accepted with prior consent of the instructor and will be downgraded 10% for each day they are late.

**Course Workload**

Success in this course is based on the expectation that students will spend, for each unit of credit, a minimum of forty-five hours over the length of the course (normally 3 hours per unit per week with 1 of the hours used for lecture) for instruction or preparation/studying or
course related activities including but not limited to internships, labs, clinical practice. Other course structures will have equivalent workload expectations as described in the syllabus.

Careful time management will help you keep up with readings and assignments and enable you to be successful in all of your courses. For this class, you will have to undertake additional activities outside the class hours such as visiting your group project site, and engaging with local municipality planning departments, real estate brokers and lenders. Details on how to complete these activities will be provided during the class lecture on October 16th.

**Classroom Protocol**

It is expected that students will arrive to class on time. No use of cellphones is allowed during class. It is recommended that the students bring a notebook or note pad to take class notes. Laptops can only be used during class to solve specific in-class exercises given by the instructor. The instructor will specifically announce during class when laptops can be used.

**University Policies**

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs’ [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at

**Plagiarism and Citing Sources Properly**

Plagiarism is the use of someone else's language, images, data, or ideas without proper attribution. It is a very serious offense both in the university and in your professional work. In essence, plagiarism is both theft and lying: you have stolen someone else's ideas, and then lied by implying that they are your own.

Plagiarism will lead to grade penalties and a record filed with the Office of Student Conduct and Ethical Development. In severe cases, students may also fail the course or even be expelled from the university.

If you are unsure what constitutes plagiarism, it is your responsibility to make sure you clarify the issues before you hand in draft or final work.

Learning when to cite a source and when not to is an art, not a science. However, here are some common examples of plagiarism that you should be careful to avoid:
• Using a sentence (or even a part of a sentence) that someone else wrote without identifying the language as a quote by putting the text in quote marks and referencing the source.

• Paraphrasing somebody else's theory or idea without referencing the source.

• Using a picture or table from a webpage or book without reference the source.

• Using data some other person or organization has collected without referencing the source.

The University of Indiana has developed a very helpful website with concrete examples about proper paraphrasing and quotation. See the following pages:

• Overview of plagiarism at www.indiana.edu/~istd/overview.html

• Examples of plagiarism at www.indiana.edu/~istd/examples.html

• Plagiarism quiz at www.indiana.edu/~istd/test.html

If you still have questions, feel free to talk to me personally. There is nothing wrong with asking for help, whereas even unintentional plagiarism is a serious offense.

**Library Liaison**

The SJSU Library Liaison for the Urban and Regional Planning Department is Ms. Toby Matoush. If you have questions, you can contact her at toby.matoush@sjsu.edu or 408-808-2096.
# URBP 206: MARKET ANALYSIS, APPRAISAL, AND FINANCE OF REAL ESTATE DEVELOPMENT

**Days:** Wednesdays  |  **Time:** 7:30-10:15 pm  |  **Location:** DMH 163  |  **Schedule:** Fall 2019

## COURSE SCHEDULE

*Subject to Change with Notice*

<table>
<thead>
<tr>
<th>WEEK</th>
<th>DATE</th>
<th>TOPIC</th>
<th>Reading</th>
<th>ASSIGNMENT DUE</th>
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<tbody>
<tr>
<td>2</td>
<td>8/28/2019</td>
<td>Development Process &amp; Legal Concepts</td>
<td>PART 1 (Ch. 1 - Ch. 2) Introduction - Overview Real Estate Development Process and Principles - Legal</td>
<td>In class Exercises</td>
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<tr>
<td>3</td>
<td>9/4/2019</td>
<td>Time Value of Money, Financing Sources</td>
<td>PART 2 (Ch. 3 - 4) Time Value of Money Concepts</td>
<td>Assignment 1</td>
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<tr>
<td>4</td>
<td>9/11/2019</td>
<td>Cashflow Model &amp; Appraisals</td>
<td>PART 4 (Ch. 9 - 11) Analyzing Income Property Investments</td>
<td>In class Exercises</td>
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<td>5</td>
<td>9/18/2019</td>
<td><strong>Guest Speaker #1</strong></td>
<td>Will be provided in advance</td>
<td>In class Exercises</td>
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<tr>
<td>6</td>
<td>9/25/2019</td>
<td>Entitlements &amp; Financing</td>
<td>PART 5 (Ch.16) Entitlements, Financing Periods</td>
<td>Assignment 2</td>
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<td>7</td>
<td>10/2/2019</td>
<td><strong>Guest Speaker #2</strong></td>
<td>Will be provided in advance</td>
<td>In class Exercises</td>
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<td>8</td>
<td>10/9/2019</td>
<td>Real Estate Investment Organizational Forms, Capital Contributions, Syndications</td>
<td>PART 6 (Ch.18) Alternative Real Estate Financing</td>
<td>Assignment 3</td>
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<td><strong>9</strong></td>
<td>10/16/2019</td>
<td><strong>Guest Speaker #3</strong></td>
<td>Will be provided in advance</td>
<td>In class Exercises</td>
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<td>10</td>
<td>10/23/2019</td>
<td>Types of Financing</td>
<td>Sample Handouts</td>
<td>Assignment 4</td>
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<td><strong>Guest Speaker #4</strong></td>
<td>Will be provided in advance</td>
<td>In class Exercises</td>
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<td>12</td>
<td>11/6/2019</td>
<td>Topic Review - In Class Prep for Presentations</td>
<td>In person - group development project</td>
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<tr>
<td>13</td>
<td>11/13/2019</td>
<td>Final Group Presentations</td>
<td>In-person Presentations</td>
<td>Final Group Presentations</td>
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<td>14</td>
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<td>Final Group Presentations</td>
<td>In-person Presentations</td>
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<td>15</td>
<td>11/27/2019</td>
<td>Non-Instructional Day</td>
<td>Non-Instructional Day</td>
<td>Final Group Presentations</td>
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<tr>
<td>16</td>
<td>12/4/2019</td>
<td>12/9 - Last Class</td>
<td>12/9 - Last Class</td>
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<tr>
<td>17</td>
<td>12/11/2019</td>
<td>Final Examinations</td>
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