I. COURSE OVERVIEW

Introduction to the foundational concepts of commercial real estate finance and the measures used in analyzing and evaluating real estate projects. Quantitative analyses and financial modeling comprise the main focus. There will also be an introductory understanding of the various aspects that come into play when real life decisions are made in the process of investing, acquiring, financing, developing, asset managing, valuing and leasing commercial real estate.

II. COURSE OBJECTIVES

1. To introduce and foster the understanding of basic financial concepts and vocabulary (e.g., time value of money, net present value, internal rate of return) and their applicability to real estate finance and investment;
2. To gain an understanding of the following aspects and how they relate to real estate finance:
• Valuation
• Market research
• Underwriting
• Cash flow forecasts, including calculation of residual value
• Financing
• Cap rates, gross rent multipliers and other measurements of return
• Capital appreciation
• Pre- and after-tax analyses
• Hold vs. sell analyses
• Sensitivity analyses

3. To develop and/or enhance basic financial analysis skills using excel and the HP12C calculator;
4. To expose students to the financial aspects of the various sectors of the commercial real estate industry (i.e. office/industrial, multifamily, retail and hotel);
5. To enhance student's skills in Clear and Analytical thinking; business presentations and business writing

III. COURSE STRUCTURE

A. This course will be conducted as a seminar with class discussions and an emphasis on financial modeling. Occasionally, there may be guest lectures; there may also be a site visit.

B. Speaker's schedules and readings are subject to change. When necessary or appropriate, the instructor reserves the option to change scheduled speakers, class topics, assignments, or due dates.

C. Site Visit. TBD

Assignments

Assignments will usually be announced at the preceding class period and posted on Canvas (see below). Additional reading assignments may be posted on Canvas. When possible, an email will be sent to the class to notify you that a document has been posted on Canvas, but it is the student's responsibility to check Canvas for any new or updated information. It is important that you provide an accurate email address that you check for messages at least daily.

This course will utilize the Canvas Academic Suite (also known as ELMS), which can be accessed at http://elms.umd.edu. Most documents, including assignments, will be distributed through Canvas rather than as hard copies handed out in class. Students are required to check Canvas on a regular basis for announcements and document postings. While students may receive an email alert notifying them of a new posting on Canvas, students should not rely solely on email notification. Non-receipt of an email notification is not an acceptable reason for failing to access documents posted to Canvas.
A. Assignments must be submitted at the beginning of in class (or via email if specifically allowed) on the date due.

B. All assignments must be delivered in a professional and business-like manner and be presented in the required format.

C. Class Preparation: You are expected to have read the assigned material and be prepared to participate in class discussion each week.

Examinations

A. The final exam will consist of an investment memo that will include financial modeling

IV. LEARNING ASSESSMENT

A. Written Assignments (Dual Grading)

Each assignment has two grades (dual grading): One for Content (50% of the points) and one for Business Writing (50%). Papers will be reviewed in accordance with the following criteria.

1. Business Writing (50%)

The Six Measures of Success in Business Writing are that your writing be:

- Organized with Introduction (or summary); Section and subsection headers
- Concise (short sentences, avoid compound sentences)
- Logical (points are logically connected and support a main point)
- Standard English Grammar (grammar and spelling, sentences and paragraphs)
- Business Formal (no vernacular or slang; nothing flowery; no contractions
- Business Style
  - One inch margins
  - Single space
  - 12-point font – Times New Roman

2. Course Content (50%)

   a. Depth of analysis (analytical/critical) (no simple summary)
   b. Synthesis of information
   c. Connection between assumptions; persuasive argument
d. Demonstrates clear understanding of the material presented
c. Details support content delivered.

B. Oral Presentations to the Class and PPT (dual grading).

Structured Content
Story Board – (beginning, middle, and end)
   i. Summarize what I will present
   ii. Present information
   iii. Summarize what I presented

Simplicity
The Rule of 3’s and 5’s
   i. 3 key points with 5 supporting points each, or
   ii. 5 key points with 3 supporting points each

Personal Poise
   i. Effective body language (posture, gestures, movement, etc.)
   ii. No verbal litter (ex. um, ah, like, so, etc.)

Audience Engagement
   i. Dynamic/Energetic presentation
   ii. Do not turn back to the audience
   iii. Do not read from notes

C. Class Discussion/ Participation

This is a graduate seminar course. It is essential to the class, the professor and other students that you be an active participant in class discussions. Class participation by all students is the key to the learning experience. All students are expected to participate and use of the skills discussed and a demonstration of critical thinking.

Grade Distribution
Grades on each assignment will be made. In this class grades are assigned by Points out of the total. There will be a system of over/under grades, for each assignment, which is to say the points above the line are related to an evaluation of your understanding and delivery of the substance/content of the subject matter, and the under grade will reflect the business writing skill exhibited by the assignment. Presentation grades for any presentations made in the class will be explained in more detail at the time of the presentation assignment, whether they are group or individual presentations.

Grading will be distributed among the following areas:
Grading at the University is on a plus/minus system, such that grades range from A, A-, B+ and so forth, through D+ and D-. Grades of C- or above will count this course toward your degree requirements. A Grade of D+ or below will have to be repeated if it is a required course. All grades (whether or not the course is credited toward diploma requirements, is included in the GPA for diploma purposes). The minimum GPA for receiving a graduate degree from the University of Maryland is a 3.0.

D. **Mid-Term Grades** will not be officially entered but will be provided.

F. **Late Work Policy**
   Assignments must be submitted in class (or via email if specifically allowed) on the date due.
   No late submissions will be accepted and will be assigned a grade of zero.

G. **Modification to Syllabus**
   When necessary or appropriate, the instructor and/or faculty advisor reserves the option to change scheduled topics, speakers and due dates, provided there is at least two weeks notice.

V. **COURSE POLICIES**

A. **Classroom Decorum.**
   
   - Please turn off cell phone while in class.
   - Laptop computers, tablets and calculators are not permitted.
   - No photographs or recording of lectures or presentations is permitted, except with prior direct permission of the Instructor.
   - There is NO EATING allowed in class.
B. Academic Integrity

The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. Along with certain rights, students have the responsibility to behave honorably in an academic environment. Academic dishonesty, including cheating, fabrication, facilitating academic dishonesty, and plagiarism, will not be tolerated.

A. Academic dishonesty is a corrosive force in the academic life of a university. It jeopardizes the quality of education and depreciates the genuine achievements of others. It is, without reservation, a responsibility of all members of the campus community to actively deter it. Apathy or acquiescence in the presence of academic dishonesty is not a neutral act. Histories of institutions demonstrate that a laissez-faire response will reinforce, perpetuate, and enlarge the scope of such misconduct. Institutional reputations for academic dishonesty are regrettable aspects of modern education. These reputations become self-fulfilling and grow, unless vigorously challenged by students and faculty alike.

All members of the University community-students, faculty, and staff-share the responsibility and authority to challenge and make known acts of apparent academic dishonesty.

Prohibited Acts. Any of the following acts, when committed by a student, shall constitute academic dishonesty:

(a) CHEATING: intentionally using or attempting to use unauthorized materials, information, or study aids in any academic exercise.

(b) FABRICATION: intentional and unauthorized falsification or invention of any information or citation in an academic exercise.

(c) FACILITATING ACADEMIC DISHONESTY: intentionally or knowingly helping or attempting to help another to violate any provision of this Code.

(d) PLAGIARISM: intentionally or knowingly representing the words or ideas of another as one’s own in any academic exercise.
B. The Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For group projects, if any, the boundaries for individual and group work will be provided prior to the beginning of the assignment. You should review carefully the information on the Code of Academic Integrity or the Student Honor Council at www.studenthonorcouncil.umd.edu/code.html.

C. Student Honor Pledge: Each assignment and exam is assumed to include the following pledge: “I pledge on my honor that I have not given or received any unauthorized assistance on this assignment/examination.”

Failure to sign the pledge is not an honors offense, but neither is it a defense in case of violation of this Code. Students who do not sign the pledge will be given the opportunity to do so. Refusal to sign must be explained to the instructor. Signing or non-signing of the pledge will not be considered in grading or judicial procedures. Material submitted electronically should contain the pledge, submission implies signing the pledge.
C. Attendance

1. RDEV Courses. While attendance is not technically required, in fact for a graduate course in real estate where each class builds on the information of the prior class it is generally not possible to pass a course if you will miss more than two weeks (the equivalent of 6 class periods). To do well in most RDEV classes you need to have done your reading, your assignment, be working on your major project and be in class. The connections and information you share with each other in an enriched environment are one of the key reasons students come to graduate school. You are part of that community. If you miss 3 or more classes, you should assume that you would get a poor to non-passing grade for a class and contact the professor and the program director.

2. The University policies on attendance follow:

   I. University Attendance policy Generally. Excused Absences. University policy excuses the absences of students for illness, religious observances, participation in University activities at the request of university authorities and compelling circumstances beyond the student's control. Students who miss a single class for a medical reason are not required to provide medical documentation, but students who are absent more than once are responsible for providing various forms of documentation, depending on the nature of the absence. For more information, see University Policy V-1.00G on Medically Necessary Absence.

   II. Medically necessary absences. Students who miss a single class (lecture, recitation, or lab) for a medical reason must make a reasonable effort to contact their instructor in advance, and upon return to class, present the instructor with a self-signed note which acknowledges that the information provided is accurate. Faculty must accept this note; a student's failure to provide an accurate statement is a violation of the Honor Code. Any subsequent medical absence will require medical documentation.

   III. Documentation. In the event a student is absent for a Major Grading Event as will be identified in the Course SCHEDULE. You must provide documentation of illness from a health care professional, as well as notify the instructor in advance.
IV. **Religious Observances.** Students may be excused and make up major projects or exams for religious observances if the instructor is notified within the first two weeks of the semester that such an absence is necessitated.

V. **Inclement Weather.** Official closures and delays are announced on the campus website at umd.edu and snow phone line (301-405-SNOW), as well as on local radio and TV stations. Notification for cancellation of class for other reasons will be provided via email through Canvas.

D. **Course Evaluations**

A. **University Evaluations**

You are responsible for submitting the formal University course evaluation for this course at CourseEvalUM in order to help faculty and administrators improve teaching and learning at Maryland. Please make a note now of the link at which you can access the submission system (www.courseevalum.umd.edu).

If you submitted all of your evaluations in the fall or are a new student, you can also access all posted results from fall 2007 forward via Testudo under CourseEvalUM Reporting. To retain this access, you must submit all of your evaluations each semester. If you do not have access right now, you can gain it by submitting all of your fall 2012 evaluations. More information is at: https://www.irpa.umd.edu/Assessment/CourseEval/stdt_faq.shtml.

B. **MRED Program Evaluations**

You also will be asked to do a MRED Program evaluation for this course at one of the last sessions of the course (See the syllabus schedule). As a new program, the MRED program and its unique approach to real estate education is greatly assisted by your comprehensive responses, and particularly the open-ended questions at the end of the Evaluation Form.

E. **Accommodation for Students with Disabilities:**

Please notify the faculty advisor within the first week of the semester if you require accommodation due to a disability. The University’s Disability Support Service will make arrangements to provide an appropriate accommodation in
response to the students need. See www.counseling.umd.edu/DSS/.

F. Your Contact Information
   Make sure the instructor and the faculty advisor have your current e-mail address and telephone number. Your e-mail address should be one that you check regularly and should be the one that you put in to the University. **Be sure to use the same email when you claim your place in the CANVAS/ELMS space for your course.** You will miss important announcements if you do not have an email in Testudo; and please use the same email in CANVAS/ELMS.

**SCHEDULE OF ASSIGNMENTS AND TOPICS** (see below)
<table>
<thead>
<tr>
<th>WEEK</th>
<th>READING</th>
<th>TOPIC (S)</th>
<th>EXCERCISE DUE</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Class Overview Investment Decisions &amp; Strategies / Quantifying Risk &amp; Return</td>
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<tr>
<td>2</td>
<td>Text, Ch. 3; Handout: Jaffe Chs. 1, 2, 3</td>
<td>Real Estate Investment Calculations using HP 12C IRR, NPV, Return Ratios</td>
<td>Excel model &amp; memo</td>
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<tr>
<td>3</td>
<td>Handouts: Jaffe Ch. 4; Phyrr, Ch. 12</td>
<td>Market Analysis/Rental Income</td>
<td>Excel model &amp; memo</td>
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<tr>
<td>4</td>
<td>Text, Ch. 9; Handouts: Jaffe, Ch. 8; Phyrr, Ch. 16</td>
<td>Asset Management, Leasing, Property Management</td>
<td>Excel model &amp; memo</td>
</tr>
<tr>
<td>5</td>
<td>Text, Ch. 10</td>
<td>Valuation/Approaches</td>
<td>Text Ch. 9, problems 1 - 5; excel model &amp; memo</td>
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<tr>
<td>6</td>
<td>Text, Ch. 11; Handouts: Jaffe, Ch. 11</td>
<td>Investment Analyses / Cash Flow Modeling</td>
<td>Text Ch. 10, problems 1-10; excel model</td>
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<td>7</td>
<td>Text, Ch. 2, 12, 16 &amp; 17; Handouts, Jaffe, Chs. 6 &amp; 9</td>
<td>Financing/Underwriting, LTV, DSC, Bridge &amp; Construction Loans</td>
<td>Text Ch. 11, problems 1, 2 &amp; 3; Excel model &amp; memo</td>
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<td>8</td>
<td>Text, Ch. 13; Handout, Jaffe Ch. 13</td>
<td>Investment Risk, Sensitivity Analysis</td>
<td>Text Ch. 12, problems 1-8, excel model &amp; memo; <strong>Mid-Term Grades Posted</strong></td>
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<td>9</td>
<td>Text, Ch. 14</td>
<td>Investment Strategies: Hold/Renovate/Sell</td>
<td>Text Ch. 13, problems 1-5; excel model &amp; memo</td>
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<td>10</td>
<td>Text Ch. 22; Handout: Jaffe, Ch. 13 Pgs. 401- 409</td>
<td>Portfolio Analysis</td>
<td>Ch. 14, problems 1-4; excel model</td>
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<td>11</td>
<td>Text, Ch. 18; Handouts: Jaffe, Ch. 7</td>
<td>Ownership Entities; Tax ramifications; Discounted Cash Flow Model (DCF)</td>
<td>Ch. 22, problem 1, a-f; excel model</td>
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<td>12</td>
<td>Handouts: Jaffe, Ch. 15; Phyrr, Ch. 22</td>
<td>DCF, Multifamily</td>
<td>DCF model</td>
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<td>13</td>
<td>Handouts: Jaffe, Ch. 15; Phyrr, Chs. 23-25</td>
<td>DCF Office/Industrial/Retail</td>
<td>MF DCF model</td>
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<tr>
<td>14</td>
<td>Handouts: Jaffe Ch. 15; Phyrr Ch. 26</td>
<td>DCF, Hotel</td>
<td>Office/industrial/Retail DCF models</td>
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<tr>
<td>15</td>
<td>TBD</td>
<td>DCF Review &amp; Discussion</td>
<td>Hotel DCF model</td>
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<tr>
<td>16</td>
<td><strong>FINALS WEEK</strong></td>
<td>Final Exam – Investment memo, Financial analysis &amp; Presentation</td>
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