

Spring Session A

Monday 10am – 12 noon, 200 Fayerweather

Instructors:

Dr. Patrice Derrington

411 Avery

pad2160@columbia.edu

(917)225 2625 (cell)

Mr. Johnny Din

jcd2193@columbia.edu

1. Course Description

This course is an application of the analytical concepts learnt in either of the pre-requisite courses, Comparative Global Real Estate or Global Real Estate Investing, to a specific target country. It is designed for the student to consolidate his/her understanding and utilization of an analytical framework for evaluating cross-border real estate investment. As a result of this application, it is anticipated that the student emerges from the program with a comprehensive understanding of the dynamics of real estate developments and investments internationally in addition to an incisive process for assessing the unique contexts and conditions for real estate activities within selected countries.

Taking as a starting point, the comparative analysis that was made of three specific countries – China, Brazil, and the United Kingdom - the course proceeds with a deep investigation of the various advantages and challenges of targeting China for making a cross-border real estate investment with the USA as the origin of the equity interest. Having added the experience of visiting the target location for the investment, the student is now able to supplement the prior classroom analysis with “on-the-ground” details regarding the conditions of local real estate markets, and therefore more accurately assess the potential for a cross-border financial transaction in the country visited.

During the course, students will investigate, specifically with the real estate of China in mind, the many facets of opportunities and challenges that arise for an investor from the USA: the macro-economy and demographics, financial markets, currency exchange risk, taxation concerns, legal issues, planning and development trends, regulations and statutory requirements, ease of doing business, and cross-cultural negotiations.

Course Objectives:

By the end of the ½ semester, and following the study trip, students will have:

- Developed the critical, comparative, and analytical tools for undertaking a variety of international real estate development projects, transactions and investments; and
- Demonstrated his/her understanding of the dynamics of international real estate investing through an applied project comprising the analysis of the unique context and conditions of a specific real estate project or cross-border transaction.

1. **Course Requirements and Assignments**

Students will be expected to attend all classes, complete assigned weekly readings (posted on Canvas) prior to class and participate in class discussions, as these will factor into the final grade. Short assignments and in-class quizzes on selected topics may also be required.

As key deliverables, each student, either individually or in a team of 2-3 people, will develop a detailed proposal – a Cross-border Real Estate Investment in China – that will compete with the proposals of other students to be the most compelling opportunity offered to equity investors in the USA. A written detailed proposal in the form of a “Deal Book” will be submitted, in addition to making a 10 minute “pitch” to a panel of US equity investors.

The development project may involve new construction or renovation, or investment in any level of the capital stack of a property, as of the student’s choosing, but must receive the instructor’s approval.

Assignment Details:

During the half-semester session, either individually or in teams (of 2-3 each) students will be required to:

- Make a comprehensive and detailed proposal for the investment of real estate in China. This proposal will be prepared in three steps:
 - **Proposal Memo 1:** Provide a summary of the comprehensive investigation of the China specific context for making a cross-border real estate investment from the USA, in accordance with the analytical framework learnt in the pre-requisite course, presenting clearly the opportunities, risks and mitigation of those risks. From this argument, a specific real estate investment is to be identified.
- **FINAL SUBMISSION: DEAL BOOK:** Provide the details of the specific real estate investment identified: the relevant real estate market analysis, the site selection rationale, a pertinent description of the property (or conceptual design of a development project), and a comprehensive financial analysis to demonstrate investment feasibility. Submission should include:

1. Written submission (50 points) that comprehensively makes the case for the investment, i.e. includes a summary which “sells” the proposal, and consolidated supporting material.
2. Oral presentation (20 points) in class for 10 minutes, that makes the “pitch” for investing in the project

Courseworks:

Columbia University’s online Courseworks system will be used for posting the course syllabus, selected class materials/handouts, hyperlinks to locations from where case studies and additional reading materials to be used in the course could be found and/or purchased by students. Courseworks will also be utilized for the posting of Assignment requirements, Quizzes, etc and as such will be the location for the student’s submissions in response. Courseworks will also be utilized as a tool for the instructor to post announcements, and also for the instructor and students to connect outside of the classroom more consistently and conveniently.

III. COURSE GRADING CRITERIA

Course grading criteria are as follows:

- Attendance and in-class participation: 10%
- Proposal Memo 1: 20%
- Proposal Memo 2: 20%
- Final Submission: Deal Book: 30%
- Proposal Presentation: 20%

Only exceptional performers will receive a High Pass.

1. READINGS

Students will be expected to complete readings in advance of class and these will be posted one week in advance on Canvas. There is no required textbook for the course.

Recommended Reference Textbooks, which are available in the Avery library, bookstores, or may be ordered on-line:

Cross Border Real Estate Practice by Terry A. Selzer, 2013, American Bar Association.

Global Property Investment: Strategies, Structures, Decisions (with website) by Andrew Baum & David Hartzell, Wiley-Blackwell 2012.

The Global Property Investor’s Toolkit by Colin Barrow, Wiley, 2008

International Real Estate: A Comparative Approach by Mark Lee Levine, Dearborn Real Estate Education – e-book, available at Amazon.com

SESSION TOPICS

Jan 22: CLASS 1

Course Introduction, Study Trip and China Country Overview

Jan 29: CLASS 2

China's Real Estate Opportunities. Analytical Framework for International Real Estate Investing.

Feb 5: CLASS 3

Review of Doing Business, Corruption, Legal & Transaction Processes.

SUBMISSION: ASSIGNMENT SECTION A

Feb 12: CLASS 4

Review of Capital Markets and Currency Issues.

Feb 19: CLASS 5

Equity Structures and Taxation.

SUBMISSION ASSIGNMENT SECTION B

Feb 26: CLASS 6

PRESENTATIONS and FINAL SUBMISSIONS of Assignment and Study Task List.

MARCH 12 – 16: STUDY TRIP