

Underwriting Intensive I
How to Underwrite Income Producing Real Estate From a Lending Perspective
Wed, Sept 7, 2016 – Wed, Oct 20, 2016

### Instructors

Given my full time position in the real estate industry I unfortunately cannot hold on-campus office hours. However, both I and the TA are available by email at the addresses provided below so please email us with any questions or concerns.

#### Professor

Roger Nussenblatt

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#### Teaching Assistant

Andrew Wright

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### Course Description

The course will cover all major facets of underwriting stabilized, income-producing commercial real estate from a lending perspective. Students will learn how to effectively underwrite office, retail, industrial, multifamily and hotel properties. Topics and estimated timeframes are below. Timeframes may change slightly depending on class participation which is strongly encouraged.

Class	Location	Time	Topics to be Covered
Class 1 – Wed, Sept 7	200 S. Fayerweather	6-8pm	<ul style="list-style-type: none"> <li>• Course Introduction</li> <li>• Industry terms and definitions</li> <li>• Where does underwriting fit into the acquisition process</li> <li>• Underwriting timeline</li> <li>• Anatomy of Real Estate Cash Flow</li> <li>• Underwriting guidelines for each asset class</li> <li>• Transaction Strengths &amp; Weaknesses</li> </ul>
Class 2 – Tue, Sept 14,	113 Avery	6-8pm	<p>Hotel Case Study</p> <ul style="list-style-type: none"> <li>• Understanding the opportunity</li> <li>• Sponsorship</li> <li>• Loan Application</li> <li>• Sizing &amp; underwriting the cash flow</li> <li>• Analyzing the competitive set &amp; demand generators</li> <li>• Seasonality</li> <li>• Franchise Agreements &amp; Property Improvement Programs (PIPs)</li> <li>• Site Inspection</li> </ul>

Class 3 – Wed, Sept 21	113 Avery	6-8pm	<p>Hotel Case Study Continued</p> <ul style="list-style-type: none"> <li>• How to write an investment committee memo</li> </ul> <p><b>Homework Assignment 1</b> - Deal teams will be given a hotel broker/deal package, market information and a loan application. Teams will be required to underwrite the transaction, write an Investment Committee Memo and present their analysis and financing recommendations to the class (40% of grade)</p>
Class 4 Tue, Sept 27	200 S. Fayerweather	2-4pm	Class Presentations – Homework 1
Class 5 - Wed, Sept 28	113 Avery	6-8pm	Class Presentations – Homework 1
Class 6 – Wed, Oct 5	113 Avery	6-8pm	<p>Retail Case Study</p> <ul style="list-style-type: none"> <li>• Understanding the opportunity</li> <li>• Loan Application</li> <li>• Competition</li> <li>• Lease Rollover</li> <li>• Co-tenancy</li> <li>• Sizing &amp; stress testing the cash flow</li> </ul> <p><b>Homework Assignment 2</b> - Deal teams will be given a retail broker package, market information and loan application. Teams will be required to underwrite the transaction, write an Investment Committee Memo and present their analysis and financing recommendations to the class (60% of grade)</p>
Wed, Oct 12	N/A	N/A	NO CLASS
Class 7 – Wed, Oct 19	113 Avery	6-8pm	<ul style="list-style-type: none"> <li>• Class Presentations – Homework 2</li> </ul>
Class 8 – Thurs, Oct 20	113 Avery	12-2pm	<ul style="list-style-type: none"> <li>• Class Presentations – Homework 2</li> </ul>

### Homework

There will be two homework assignments and each assignment will require students to work in deal teams. The homework assignments will require the deal teams to size, underwrite and then write a committee memo on a hotel and a retail transaction. Each team will have one week to complete each assignment. The committee memos must be typed, stapled (or bound) and hand delivered at the beginning of class on the date due. Each team member's name, SSN or CUID must be included. Assignments not handed in on time will not be accepted. Detailed instructions will be given on the day the assignment is handed out.

**Grading**

Homework Assignment 1	40%
Homework Assignment 2	60%

**Required Textbook / Materials**

The class materials will be posted on the university's web site at <https://courseworks.columbia.edu>. There is no required text book, but strongly recommend reading all materials posted to Courseworks prior to class.