

Columbia University
Graduate School of Architecture Planning and Preservation

Real Estate Finance and Development

PLA 6700

Professor StephenJ. Pearlman

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Wednesday 9:00 am – 11:00 am

Spring, 2017

Room: 200 Buell South

Teaching Assistant:

Course Overview

This course introduces students to the major concepts, principles, analytical methods and tools used in making investment decisions regarding commercial real estate assets. The course covers economic and financial analyses that pertain to individual income properties, as well as the types of investors in the market today. The topics included are ownership structure, exit decision, financing alternatives, methods of valuation, cash flow forecasting, leverage, debt and risk analyses and the development process including land use and affordable housing structures. Students are expected to develop an ability to conduct a comprehensive investment analysis of an income-producing property.

The primary text for the course is Real Estate Finance and Investments (14th edition, ISBN 9780073377339) by Brueggeman and Fisher. The text can be purchased at the bookstore, or online at:

Amazon (<http://www.amazon.com/gp/homepage.html>)

AbeBooks ([http:// www.abebooks.com/docs/Textbooks/](http://www.abebooks.com/docs/Textbooks/))

eBay (<http://www.ebay.com/>)

Case Studies and other HBS information can be obtained at the following site: <http://cb.hbsp.harvard.edu/cbmp/access43021968>. The package includes the Angus Cartwright III case which is required and three (3) supplements which are helpful reading.

In addition to readings from the text, slides, announcements and supplemental materials will be posted on the course website. In addition to the lectures, this is the central location

for all information concerning the course. It is expected that you will check the course page on a daily basis for updated information and announcements.

In addition to the course materials listed below, you are required to have a financial calculator and to be familiar with the use of a spreadsheet package such as Excel. A good and relatively inexpensive financial calculator is the Hewlett-Packard 1011. On the other hand, if you plan on a career in finance or real estate you may want to spend the extra money on the HP 12c Platinum. If you have an Apple iPhone or iTouch, there are several financial calculator applications, including the HP 12C Platinum, available at a modest price. A scientific calculator is fine, but it will not offer the types of built-in programs that are often used in financial calculations.

If you have any questions regarding lectures or the course in general, you are encouraged to seek me out at any time during the semester. I will make myself available to meet with students. Please email me. If you can't reach me or have any questions, please contact our TA.

Administration and Grading

Your grades will be based on your performance on graded homework assignments, exams, class participation and the written Case Study.

The Case Study will comprise 20% of the grade. It is important that the Case Study be typed and all pertinent questions be answered. This will be a team assignment.

Class participation will account for 10 % of your grade.

Exams: There will be two exams during the course of the semester. The Midterm exam will take place in class and will account for 30% of your grade. The final exam will be comprehensive in nature and account for 40% of your grade.

Homework assignments that are submitted late will be penalized. If you miss an exam, notify me as soon as possible before the time of the exam either by phone or E-mail. Anyone missing an exam without such notification will receive no credit for the exam and will not be given a make-up.

Bibliography (In Formation)

Readings

Barth, James R., et. al. *The Rise and Fall of the U.S. Mortgage and Credit Markets: A Comprehensive Analysis of the Market Meltdown*. John Wiley & Sons, 2009 (PDF Posted)

Glaeser, Edward L. *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier*. New York: Penguin, 2011. Print.

Gramlich, Edward M. *Subprime Mortgages: America's Latest Boom and Bust*. Washington, D.C.: The Urban Institute, 2007. Print. (Available for Purchase from Urban Institute)

Lewis, Michael. *The Big Short: Inside the Doomsday Machine*. New York: W.W. Norton, 2010. Print.

Lowenstein, Roger. *When Genius Failed: The Rise and Fall of LongTerm Capital Management*

Sorkin, Andrew Ross. *Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System from Crisis--and Themselves*. New York: Viking, 2009. Print.

Lewis , Michael. *Boomerang*. Norton Press

Reinhart and Ragoff. *This Time is Different*.

Websites

American Securitization Forum: <http://www.americansecuritization.com/>

Center for Responsible Lending: <http://www.responsiblelending.org/>

Harvard University Joint Center for Housing Studies: <http://www.jchs.harvard.edu/>

Inside Mortgage Finance: <http://www.imfpubs.com/>

Mortgage Bankers Association: <http://www.mbaa.org/>

National Association of Home Builders: <http://www.nahb.org/>

National Housing Conference: <http://www.housingpolicy.org/>

National Association of Realtors: <http://www.realtor.org/>

Real Estate Roundtable: [www. Rer.org](http://www.Rer.org)

Real Estate Finance and Development

Schedule 9am – 11am

Wednesdays- January 20st- May 4th, 2015

Session	Date	Topic	Chaps/Case/Reading
1	Jan 18	Introduction, Real Estate Terms, Time Value of Money	Chapter 1,2,&3
2 & 3	Jan 25/ Feb 1	Fixed Rate Mortgages, Residential Finance	Chapters 4,
4	Feb 8	Income Producing Properties/Valuation	Chapters 9 & 10
5	Feb 15	Investment Analysis	Chapter 11
6	Feb 22	Financial Leverage	Chapter 12
7	Mar 1	Case Study Due (Team Project)	Angus Cartwright Case
8	Mar 8	Midterm	
	Mar 15	Spring Break	
9	Mar 22	Financing Corporate RE	Chapter 15
10	Mar 29	Development/Construction Financing/ Land Use /Affordable Housing	Chapter 16 & 17
11	April 5	Structuring Real Estate Investments/ Capital Markets	

12	April 12	Debt capital Markets/Securitization	Chapter 19 & 20
13	April 19	Real Estate Investment Structures/Equity Markets	Chapter 18
14	April 26	REITS	Chapter 21
15	May 3	Final Exam(or as scheduled)	