



USC University of Southern California

RED 375: Real Estate Development Analysis

Units: 4

Term: Fall 2020, Section 51644

Days: Mondays and Wednesdays

Time: 12:00 – 1:50 pm

Location: Online via Zoom (Meeting links are on Blackboard)

Instructor: Moussa Diop

Office: RGL 315

Office Hours: Via Zoom on Tuesdays and Wednesdays 11:00 am - 12:00 pm and by appointment

Contact Info: diop@price.usc.edu

Teaching Assistant: N/A

Course Description

This course covers various aspects of real estate project development and investment analysis. We will examine fundamental analytical concepts and methods. In the process, you will develop a deep understanding of key determinants of property values that should guide real estate development and investment decisions. By the end of the semester, you will gain a thorough understanding of real estate development, investing, and property management. You will comfortably be able to develop necessary cash flow proformas to analyze income-producing properties (i.e., multifamily residential, office, retail, and industrial). Finally, this course will allow you to develop and hone your Excel skills.

Learning Objectives

This course provides an overview of key concepts in real estate development and real estate development financial analysis, feasibility and real estate finance. At the conclusion of the course, students should:

- Be able to demonstrate a thorough understanding of the commercial property development and investment process
- Understand fundamental differences between retail, office, industrial and multi-family property development and investment
- Understand various commercial real estate lease structures (gross, net, double net, triple net, full service, expense stops, overage, etc.) and their appropriateness
- Be able to develop cash flow proformas using Excel to analyze development projects, property investment opportunities, and investment performance
- Develop a thorough understanding of real estate capital markets, capital structure issues, and the importance of leverage

Prerequisite(s): BUAD 215, ECON 203 and RED or PPD 362

Co-Requisite(s): N/A

Concurrent Enrollment: N/A

Recommended Preparation

Excel Workshop

Course Notes

You will need to take notes during lectures. I will make my lecture slides and other course material via Blackboard. However, lecture slides will not necessarily include everything discussed in class. Be aware that you may be tested on any material covered in class. Generally, I will only make PDF versions of Excel spreadsheets available.

Communication

All class communications will be via Blackboard and emails. You are required to have your camera on during synchronous Zoom sessions and to follow proper zoom classroom etiquette. You are required to watch this [short Price video illustrating classroom Zoom etiquette](#) before the first day of class. If you are unable to keep your camera on during a synchronous Zoom session, please contact me prior to the class session to discuss expectations and accommodations needed.

I will schedule individual 10-minute Zoom meetings to discuss your expectations and answer your questions about the course.

Technological Proficiency and Hardware/Software Required

Microsoft Excel spreadsheets will be prepared.

USC technology rental program

Attending classes online and completing coursework remotely requires access to technology that not all students possess. If you need resources to successfully participate in class activities, such as a laptop or internet hotspot, you may be eligible for the university's equipment rental program. To apply, please [submit an application](#).

USC Technology Support Links

[Zoom information for students](#)

[Blackboard help for students](#)

[Software available to USC Campus](#)

Required Materials

Peiser, Richard B. and Hamilton, David (2012) Professional Real Estate Development Third Edition.

Textbook readings are listed below with the weekly lecture topics. Readings must be completed in advance of each week's lecture. Depending on the course's progress, the topics and readings for each week are subject to change. Readings not from the textbook will be available on Blackboard, as will all assignments and lecture notes. The Blackboard site is <http://blackboard.usc.edu>.

Optional Materials

Geltner, David M. and Norman G. Miller (2014) Commercial Real Estate Analysis and Investments. 3rd Edition South-Western Educational Pub

Readings from this textbook are optional since this is not a required textbook. However, it will serve you well to read this material before class.

Description and Assessment of Assignments

The course includes several assignments that are aligned with the learning objectives. Each assignment serves to measure student performance on at least one learning objective. Indicative assignment due dates are listed on the course schedule below. These assignments are meant to evaluate your understanding of the material discussed in class and further expand your learning. I will post all assignments on Blackboard. All assignments are individual assignments. You are encouraged to discuss them with other classmates, but you must complete and submit your own work. Any form of plagiarism will be severely punished.

Exam: (50%)

There will be a midterm exam and a final exam worth 25% each. The final exam will be non-cumulative with the understanding that the course builds on previously covered material. Exceptionally, you may be excused from taking an exam at the scheduled time, provided that you have a good reason and you notify me prior to the exam.

Homework Assignments: (25%)

This course includes five homework assignments worth 5% each. These assignments must be turned in at their due dates – see late assignment policy below. For assignments requiring Excel, you will have to submit your Excel spreadsheets as well. Again, these are individual assignments.

Development Case Study: (15%)

As a key requirement of this course, you will have to complete a comprehensive development financial case study at the end of the semester. This will give you an opportunity to apply and integrate the concepts learned during the semester. This assignment will be the subject of a separate memo later.

Class Participation: (10%)

You are required to attend synchronous Zoom class sessions prepared and ready to fully participate in all classroom activities. I will monitor class participation for the purpose of assigning participation grades. From time to time, I will administer quizzes at the class as part of class participation.

Grading Breakdown

The course meets twice per week, for two hours. Students are expected to attend each class and have read the required readings prior to class so that they can contribute to in-class discussions. Depending on progress during sessions, the topics and readings for each week may be subject to change.

Assignment	% of Grade
Midterm	25
Final	25
Homework	25
Development Case Study	15
Class Participation	10
Total	100

Grading Scale

Course final grades will be determined using the following scale:

A	95-100
A-	90-94
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D+	67-69
D	63-66
D-	60-62
F	59 and below

To receive an “A” grade, students must complete all work on time and submit work of superior quality at every stage. Work must address all aspects of the required assignments, exceed the minimum requirements, and demonstrate critical thinking and creative thinking. Students must consistently contribute to class discussion.

Course-specific Policies (Assignment Submission, Grading Timeline, Late work, and Technology)

Assignment Submission

All assignments must be submitted on Blackboard. Emailed submissions are strictly forbidden because I will communicate grades and feedback via Blackboard. Each assignment will include specific submission instructions.

Grading Timeline

I will strive to complete the grading of assignments and exams in a timely manner, but this will take time since spreadsheets will need to be graded individually.

Late work

Assignments must be turned in by their due dates. Unless approved in advance, late submissions will be penalized by 10% and assignments that are more than 2-day late will not be accepted.

Attendance

You are required to attend synchronous Zoom class sessions. I will monitor attendance. Please let me know in advance if you cannot attend synchronous online classes due to religious observation or other reasons. Should you miss a synchronous Zoom class session, you are required to watch the class recording and submit any assigned work on time.

Zoom etiquette

"Netiquette" or "internet etiquette," describes the recommended communication and behavior during Zoom sessions. Please abide by the Zoom classroom behavior rules discussed in the short video on Zoom etiquette mentioned in the communication section ([short Price video illustrating classroom Zoom etiquette](#)). Should you have questions or concerns about complying with these rules, please let me know.

Synchronous session recording notice

Again, USC requires that all Zoom class sessions be recorded and made automatically available to all students for asynchronous viewing via Blackboard.

Sharing of course materials outside of the learning environment

USC has a policy that prohibits sharing of any synchronous and asynchronous course content outside of the learning environment.

SCampus Section 11.12(B)

Distribution or use of notes or recordings based on university classes or lectures without the express permission of the instructor for purposes other than individual or group study is a violation of the USC Student Conduct Code. This includes, but is not limited to, providing materials for distribution by services publishing class notes. This restriction on unauthorized use also applies to all information, which had been distributed to students or in any way had been displayed for use in relationship to the class, whether obtained in class, via email, on the Internet or via any other media. (See Section C.1 Class Notes Policy).

Course evaluation

Course evaluation, which occurs at the end of the semester university-wide, is an important review of students' experience in the class. You will receive an email invitation to review the class at the end of the semester. Your feedback will help make appropriate changes to the course. In addition, I will seek your feedback at mid-semester for early course correction.

Course Schedule: A Weekly Breakdown (Subject to adjustments)

	Topics/Daily Activities	Readings	Assignment Dates
Week 1 Aug. 17	Introduction and Course Motivation Finance Concepts	Peiser Ch. 1 Geltner Ch. 8	
Week 2 Aug. 24	Measuring Investment Performance Property-Level Cash Flows	Geltner Ch. 9 Geltner Ch. 10, 11	Homework 1, 8/27
Week 3 Aug. 31	Lease Terms and Types Property Valuation	Geltner Ch. 30	
Week 4 Sep. 7	Labor Day 9/7 Property Valuation	Geltner Ch. 10, 11	Homework 2, 9/10
Week 5 Sep. 14	Capital Structure Mortgages	Geltner Ch. 13, 15 Geltner Ch. 17	
Week 6 Sep. 21	Mortgages / Cash Flow Proformas Part II Cash Flow Proformas Part II	Geltner Ch. 14	Homework 3, 9/24
Week 7 Sep. 28	Review Session Midterm Exam 9/30		
Week 8 Oct. 5	Real Estate Development Process Financing Real Estate Development	Peiser Ch. 1, 2 Geltner Ch. 28	
Week 9 Oct. 12	Financial Feasibility Analysis Financial Feasibility Analysis		Homework 4, 10/16
Week 10 Oct. 19	Multi-Family Property Development Multi-Family Property Development	Peiser Ch. 4	
Week 11 Oct. 26	Office Property Development Retail Property Development	Peiser Ch. 5 Peiser Ch. 7	Homework 5, 10/28
Week 12 Nov. 2	Industrial Property Development Development Case Study	Peiser Ch. 6	
Week 13 Nov. 9	Development Case Study Exam Review and Course Wrap-up		Development Case Study 11/11
FINAL	Fri Nov 20, 11-1 pm		

Statement on Academic Conduct and Support Systems

Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, policy.usc.edu/scientific-misconduct.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call

studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call

suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298

equity.usc.edu, titleix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

The Office of Disability Services and Programs - (213) 740-0776

dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Campus Support and Intervention - (213) 821-4710

campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.