



**RED 544 – REAL ESTATE CAPITAL MARKETS**

**Units: 2**

**FALL—WED —Time: 6:30 – 8:20 PM**

**Location: RGL 100**

**Instructor: Shlomi Ronen**

**Office Hours:** Vitual Via Zoom, Fridays 2-3 pm. Other times available by appointment.

**Contact Info:**

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## Course Description

This course is intended to help you gain an understanding of the diversity and depth of the capital markets and its influence on business decisions of real estate investors and developers. The course will be taught in two modules, teaching within each module a particular real estate capital markets topic in some depth. Modules will include:

1. Real Estate Debt Markets
2. Real Estate Equity Markets

## Course Notes

1. Homework/Case Assignments. This will consist of case studies relevant to the particular Module. Case assignments will be posted to Blackboard and will be expected to be completed and turned in. All cases, except for the first case, will be completed in **teams of three**.
2. Examinations. None
3. Final Case. TBD
4. Grading. Final course grades are determined as a weighted average of each component as follows:

a.	Class Participation	10%
b.	Homework/Cases	75%
b.	Individual Case Assignment	<u>15%</u>
		100%

## Required Readings and Supplementary Materials

The basic reference text to be utilized is Real Estate Finance and Investments (Ed 5.1), Peter Linnerman. (ISBN 978-1-7923-3191-6)

We will be discussing relevant articles published in the WSJ. A subscription is highly recommended.  
[www.student.wsj.com](http://www.student.wsj.com)

Sign up for free access to Real Capital Analytics. [www.rcanalytics.com/company/academic-program/](http://www.rcanalytics.com/company/academic-program/)

Sign up for free access to CREFC Data.

<https://www.crefc.org/cre/join/academic-application/cre/content/join/academic-application.aspx?hkey=ac4cca01-e1e1-480d-8652-7083e4b24a1e>

Select articles and cases will be posted to Blackboard. All Harvard Business School (HBS) Cases and Articles will need to be purchased directly from HBS, (link to be posted on BB)

All required readings and case materials will be available on blackboard or the web. Readings should be read prior to lecture to obtain maximum benefit from the class discussion and lecture.

## Assignment Submission Policy

Assignments should be printed and handed in at the beginning of Class when due.

**Additional Policies**

Please give our guest speakers your full attention, ideally put your laptops away.

## Course Schedule:

1. Introduction – The Context for Studying Real Estate Capital Markets (August 25)  
Readings:  
Select Articles Posted to Blackboard  
Intro: Shlomi Ronen PowerPoint
2. Real Estate Debt – Overview of Real Estate Debt & Debt Sources (September 1)  
Case 1: Indices  
Readings:  
Linnerman, Chapter 1 & 14  
Select Articles Posted to Blackboard  
HBS Note on Commercial Real Estate Financial Market  
Real Estate Regulatory Environment & Debt Markets, Shlomi Ronen Lecture Slides
3. Real Estate Debt – Banks (September 8)  
Guest Lecture: Banker  
Case 2: Aviation Station Apartments (construction lending, market analysis)  
Readings:  
Linnerman, Chapter 15  
Select Articles Posted to Blackboard
4. No Class – Yom Kippur (September 15)
5. Real Estate Debt – Agency Lending (September 22)  
Guest Lecture: Agency Lender  
Readings: TBD
6. Real Estate Debt – Agencies (September 27)  
Case 3: TBD (understanding lending terms, sizing loan, market analysis)  
Readings: TBD
7. Real Estate Debt – Securitization (October 6)

Guest Lecture: CMBS Lender

Readings:

Case 4: TBD, CMBS Underwriting

Linnerman, Chapter 16

CREFC Borrower's Guide to CMBS

Select Articles Posted to Blackboard

8. ULI – No Class (October 13)

9. Real Estate Debt – Bridge Lending (October 20)

Case 5: USC Atwood, Bridge Loan Underwriting & Cash Flow Modeling

Readings: TBD

10. Real Estate Equity – Mezzanine Debt & Preferred Equity (October 27)

Case 6: TBD (Mezz debt underwriting & modeling)

Readings: TBD

Real Estate Cash Flow Modeling and Mezz/Preff Equity – Shlomi Ronen Lecture Slides

11. Real Estate Equity – Syndications & Crowdfunding (November 3)

Guest Lecture: Investor/Syndicator

Case 7: TBD (equity modeling & offering memorandum)

Readings:

Linnerman, Chapter 19 & 24

HBS Notes on Forms of Real Estate Ownership

Shenkman, Martin M., Samuel Weiner, and John Carbone, "Limited Liability Companies: A New Opportunity for Real Estate Investors," *Real Estate Finance Journal*, Winter 1995, pp. 22-29.

Real Estate Equity Syndications, Shlomi Ronen Lecture Slides

12. Real Estate Equity – Institutional Equity Funds & Structures (November 10)

Guest Speaker: TBD Equity

Case 8: TBD

Readings:

Segel, Arthur, "How Institutional Investors Think About Real Estate," Harvard Business School, Aug. 12, 2010

Real Estate Equity Capital Markets Overview: Shlomi Ronen PowerPoint

13. Real Estate Debt – Loan Workouts & Restructuring (November 17)

Guest Speaker: TBD

Case 9: TBD Workout Case

Readings:

Linnerman, Chapter 13

14. Thanksgiving – No Class (November 24)

15. Closing Remarks & The Art of Pitching a Deal (December 1)

## 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](https://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](https://policy.usc.edu/scientific-misconduct).

### Support Systems:

*Counseling and Mental Health - (213) 740-9355 – 24/7 on call*  
[studenthealth.usc.edu/counseling](https://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](https://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](https://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](https://equity.usc.edu), [titleix.usc.edu](https://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](https://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](https://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](http://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](http://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](http://dps.usc.edu), [emergency.usc.edu](http://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](http://dps.usc.edu)

Non-emergency assistance or information.