



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

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. One submittal per team.

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 23)

Readings:

Select Articles Posted to Blackboard

Intro: Shlomi Ronen PowerPoint

2. Real Estate Debt – Overview of Real Estate Debt & Debt Sources (August 30)

Case 1: Indices & Yields

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 6)

Guest Lecture: Banker

Case 2: Aviation Station Apartments (construction lending, market analysis)

Readings:

Linnerman, Chapter 15

Select Articles Posted to Blackboard

4. Real Estate Debt – Agency Lending (September 13)

Guest Lecture: Agency Lender

Readings: TBD

5. Real Estate Debt – Agencies (September 20)

Case 3: TBD (understanding lending terms, sizing loan, market analysis)

Readings: TBD

6. Real Estate Debt – Securitization (September 27)
Guest Lecture: CMBS Lender
Readings:
Case 4: TBD, CMBS Underwriting
Linnerman, Chapter 16
CREFC Borrower’s Guide to CMBS
Select Articles Posted to Blackboard

7. Real Estate Debt – Bridge Lending (October 4)
Guest Speaker: Priyesh Bhakta, Hankey Capital

8. Real Estate Debt – Bridge Lending (October 11)
Case 5: USC Atwood, Bridge Loan Underwriting & Cash Flow Modeling
Readings: TBD

9. Real Estate Equity – Mezzanine Debt & Preferred Equity (October 18)
Case 6: TBD (Mezz debt underwriting & modeling)
Readings: TBD
Real Estate Cash Flow Modeling and Mezz/Preff Equity – Shlomi Ronen Lecture Slides

10. Real Estate Equity – Syndications & Crowdfunding (October 25)
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

11. ULI – No Class (November 1)

12. Real Estate Equity – Institutional Equity Funds & Structures (November 8)

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 – Loan Workouts & Restructuring (November 15)

Guest Speaker: TBD

Case 9: TBD Workout Case

Readings:

Linnerman, Chapter 13

14. Thanksgiving – No Class (November 22)

15. Closing Remarks & The Art of Pitching a Deal (November 29)

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.