

Professor: Eric Willett
Phone: +1 772 801 0219
Email: ewillett@rclco.com
Office Hours: Mondays 3-4PM, by appointment

Course Description

Commercial real estate in the United States and globally is much more than a vast collection of properties, transactions, or financial instruments. Comprising over \$16 trillion in value domestically, commercial real estate encompasses a complex ecosystem of enterprises that give structure to the daily flow of capital and real estate users. This course zooms out from the level of real estate transactions to focus on the enterprise level, examining the process of generating, structuring, and implementing forward-thinking commercial real estate strategies.

Grounded in case studies of real estate companies and the experience of industry executives, students will engage directly with how to craft effective strategies for a full range of real estate enterprises. The common thread across case studies will be a consistent orientation towards addressing several guiding questions: What is the next evolution for real estate capital and users? And, how can this enterprise be positioned to create a strategic and differentiated competitive advantage?

The course will be structured around four pillars that form the foundation for real estate strategy: capital, portfolio, organization, operational. Capital is the lifeblood of commercial real estate, and capital structuring on an enterprise level is a strategic priority. Portfolio or investment strategy describes the where and what of commercial real estate. Like any business, strategic real estate companies are also intentional about building a robust and adaptive organization. Lastly, the nuts and bolts of real estate are servicing tenants: the best companies have a detailed and innovative operational strategy for meeting their tenants' needs. Beyond these pillars, real estate strategy is deeply informed by other overlays. In the course we will also tackle questions of cycle strategy and how real estate organizations are addressing ESG objectives.

Throughout the course, we will be joined by industry practitioners to share their companies' strategic journeys which will form the topics for case studies. The class will culminate in a final group project in which teams prepare and present a strategy plan for a publicly traded real estate enterprise.

Learning Objectives

1. **Recognize the role of strategic planning across industry sectors and participants:** Define the importance of strategic planning in real estate and how it applies in different contexts
2. **Understand the influence of industry stakeholders:** Apply stakeholder analysis to a range of real estate decisions and critically evaluate competitive advantage across stakeholders
3. **Assess key macro trends:** Understand how major trends are impacting the commercial real estate industry and how leading operators are responding
4. **Introduce the range of industry opportunities:** Provide an overview of the various industry roles which could be points of entry into the industry. Help students identify their areas of interest as well as job opportunities

Required Materials

Course materials are listed in the course calendar below. Most readings will be uploaded to Blackboard; case studies will need to be purchased through the Harvard Business Review.

Course Notes:

Each meeting of the class will be structured around two distinct components:

Part 1: Presentation and Discussion Driven

- Initial presentation of the concepts

- Strategy case studies for which only a few company details are provided. Students will ask as many questions about the context as they like. Thereafter, the students will collectively make a strategy recommendation, including defending their decision
- Introduction of assignment and upcoming guest speakers

Part 2: Case Study and Guest Driven

- Introduction of the guest
- Assignment presentation by team or individuals followed by questions from guest/class
- Guest presentation of executed strategy
- Discussion of career path and other questions
- (Followed by dinner in some cases)

Assignments and Grading Policies:

For each week with a guest speaker in attendance, students will be asked to prepare questions for the guest speaker in advance that can be asked during the session or in a follow-on dinner. These questions will be graded on a simple 3 point scale.

There will be case study assignments in weeks 2-10. The assignment will ask students to complete a portion of a strategy plan in groups and prepare a brief presentation of their results to be shared with the class and guest speaker. These case study assignments will be completed either individually or in small groups and groups will alternate weeks in which they prepare a slide deck response or a ~200-300 word written response.

For the final project, students will choose a publicly traded CRE company and present a strategy plan that wholly addresses the key topics covered in this course. Students will be expected to present a strategy outline for their chosen company mid-semester. This initial outline will be worth 40 points (or 10% of the final grade).

To encourage in-class discussion, participation will comprise 15% of the final grade and is evaluated based on your level of involvement in class discussions and in-class exercises. Effective class participation consists of analyzing, commenting, questioning, discussing, and building on others' contributions; it is not repeating facts or monopolizing class time. The ability to present one's ideas concisely and persuasively and to respond effectively to the ideas of others is a key business skill. One of the goals of this course is to help you sharpen that ability.

Outstanding Contribution: Your contributions reflect considerable preparation; they are substantive and supported by evidence from the case, readings, and logic. Your comments or questions create a springboard for discussion by making a critical insight. You synthesize and build upon what has already been said in the discussion. The class learns from you when you speak; in your absence, the discussions would suffer.

Good Contribution. You come prepared with substantiated comments. You demonstrate good insight and clear thinking. You are able to make some connection to what has been said in prior discussion. The class notices when you're not part of the discussion.

Minimal Contribution. You participate but are unprepared. You rarely offer interesting insights into the discussion. It appears that you are not listening to what others are saying during discussion.

No Contribution. You say little or nothing in class. If you were not in the class, the discussion would not suffer.

GRADING DETAIL

<u>ASSIGNMENTS</u>	<u>Points</u>	<u>% of Grade</u>
WEEKLY QUESTIONS	80	20.0%
CASE STUDIES Write-ups (Weeks 2-10)	100	25.0%
PARTICIPATION	60	15.0%
TEAM PROJECT	160	40.0%
TOTAL	400	100.0%

COURSE CALENDAR – Note the calendar below reflects the scheduled guest speakers and structure for the course in Spring 2023; the course’s general structure this semester (Spring 2024) will closely resemble the outline below, but readings and guest speakers will vary somewhat.

	Key Topics	In Practice	Readings	Assignments
9-Jan	Week 1: Introduction to RE Strategy -Course Background -What is strategy? -How do RE companies establish competitive advantage? -How can portfolio strategy be inflected to drive outsized returns? -How can strategy meet the needs of a diverse set of stakeholders? -What current market trends are impacting CRE actors?		ULI/PWC Emerging Trends in RE 2023	
16-Jan 23-Jan	Week 2: Portfolio and Investments -Modern portfolio theory in concept and reality -How can portfolio strategy be inflected to drive outsized returns? -What role does diversification play for larger real estate companies? -How have RE capital structures evolved?	<i>MLK Day - No Class</i> Guest Speaker: Jeff Jenkinson, CEO Watson Land Company Case Study: Watson Land	Watson Land Company Materials Review ULI PWC Emerging Trends on geographies	-Prepare speaker questions - A groups prepare presentations -B groups prepare written response
30-Jan	Week 3: Capital -Introduce final project -How have RE capital structures evolved? -What is the next generation of RE capital fundraising? -Matching investment and capital needs -What current market trends are impacting CRE actors?	Guest Speaker: Gary Mozer, George Smith Partners Case Study: Watson Land	McKinsey RE Investment Management McKinsey Pvt Markets Review (pgs 30-41, on CRE) DWS Understanding RE Debt Comptroller's Handbook: (pgs 10-16 on risk; pgs. 39-44 on LW; pgs 119-123 on asset classes; review glossary terms on pgs 137-142)	-Prepare speaker questions
6-Feb	Week 4: Capital and Portfolio -What sort of capital and organizational alignment is necessary to support investment objectives? -How do you manage organizations in transition? -How do companies plan for and execute large-scale portfolio adjustments?	Guest Speaker: Warren Wachtsberger, AECOM Capital Case Study: AECOM Capital	AECOM Capital Case Materials	-Final project group proposals -Prepare speaker questions -Written response/prepared presentations (groups to be decided in advance)
13-Feb	Week 6: Introduction to Impact Investing & Thinking Outside the Capital Box -How are ESG pressures shifting the landscape for RE capital? -What are innovative capital structures and how has the market responded?	Guest Speaker: Nathan Taft, CIO Jonathan Rose Companies Case Study: Rose Smart Growth Investment Fund	Rose Background Materials Rose Smart Growth Investment Fund (HBS 210-033) NAIOP: Creating a Private Equity Fund	-Prepare speaker questions -Written response/prepared presentations (groups to be decided in advance)
20-Feb 27-Feb	Week 5: Operations & Tech -Alternative asset classes -What is the role of alternative RE assets in the traditional portfolio allocation model? -Considerations in evaluating operational efficiency -The role of technology in the industry today	<i>Presidents' Day - No Class</i> Guest Speaker: Mike Krumwiede, Routed Capital Case Study: Zillow Offers	Zillow Offers: Winning Online Real Estate 2.0 (HBS Case 220-021) Ribbon Home: Backing for Real estate (HBS Case 219-059) WSJ Articles on iBuyers + Zillow Optional: Opendoor: Launching in Los Angeles (SBS Case)	-Prepare speaker questions -Written response/prepared presentations (groups to be decided in advance)
6-Mar	Week 7: Organization & Talent Management -Final project initial presentations/topic outlines -How do companies recruit and retain talent in CRE? -How do organizations structure themselves to execute efficiently? -What compensation strategies align incentives?	Guest Speaker: Ellen Klasson, RCLCO Executive Search	TBD	-Initial presentations on final project -Prepare speaker questions -Written response/prepared presentations (groups to be decided in advance)
13-Mar 20-Mar	Week 8: Market Fundamentals (guest lecturer: Derek Wyatt, RCLCO) -How do companies evaluate market demand and supply for product? -What constitutes a favorable market environment?	<i>Spring Break - No Class</i> Derek Wyatt, RCLCO and others	TBD	TBD
27-Mar 3-Apr	Week 9: -Review presentation skills	<i>Class cancelled</i> Mark Enfield, Tru America	Waypoint Case Study	Prepare Waypoint Case Responses
10-Apr	Week 10: Impact Investing -How do CRE players positively impact their communities and environment? -What role do market innovations play in addressing the region's housing shortage?	Lawry Meister, Founder Flyaway Homes and President Steaven Jones Development Company Case Study: Flyaway Homes and Approaches to Addressing Homelessness	Background materials on FlyawayHomes McKinsey Affordable Housing in Los angeles	TBD
17-Apr	Week 11: Final Projects and Discussion	Gadi Kaufmann, Chairman RCLCO; Nadine Watt CEO Watt Capital		Final projects due
24-Apr	Week 12: Final Projects and Discussion	Lew Horne, President CBRE SW		

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 [Research and Scholarship Misconduct](#).

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University’s educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

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 for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086

eeotix.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 for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776

osas.usc.edu

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

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, Equity and Inclusion - (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.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

ombuds.usc.edu

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

Occupational Therapy Faculty Practice - (323) 442-3340 or otfp@med.usc.edu

chan.usc.edu/otfp

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.