



MRED 598 - Real Estate Product Development (Hotels)

2 Units

Spring 2024 | Thursdays | 4:00pm - 5:40pm

Location: Verna and Peter Dauterive Hall (VDP) 106

Instructor: [Steve Shpilsky](#) & [Molly Caccamo](#)

Office Hours: Wednesdays 11:00am

Contact Info:

Steve Shpilsky: shpilsky@usc.edu | 310.721.8447

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Course Description

Students of MRED 598 will develop an understanding of hotel development, operations, and ownership. Hotels are unlike any other real estate asset class. Your revenue walks in and out of your lobby on a daily basis. Highs can be astronomical while lows can wipe out value in a matter of months. Most people don't realize that the Marriotts and Hyatts of the world are simply asset light franchisors and distribution platforms. Were they always like this?

Geopolitical and global events such as COVID can change the industry forever. Short-term-rental platforms such as AirBnb and Sonder are threats to the establishment. Alternative hospitality concepts such as Autocamp and high end hostels are creating new travel categories. Rising labor costs and unions present moral dilemmas and squeeze profitability. Emerging proptech platforms are touching every aspect of the business from construction to operational efficiencies to marketing. Online Travel Agencies (OTAs) were a game changer. What will AI do?

This course is filled with A-list guest speakers at the tops of their respective hospitality fields and relevant site visits.

Magic happens in hotels. Lifelong business, family, and friendship memories are created. They take a long time to build, cost a lot of money, and are hard to operate. . . but humans need hotels. We all remember running down the hallways of hotels as kids, attending weddings and conferences, and resting our heads after a long day of traveling. This class will give students a new appreciation for these micro-worlds within four walls.

Learning Objectives

By the end of of this course students will be able to:

- Describe the different elements of hotel ownership, management, and branding
- Calculate and analyze hotel specific KPI
- Determine if and where it makes sense to build a hotel
- Describe the nuances of hotel development
- Put together a hotel capital structure that makes financial sense



- Negotiate and assess the key terms and conditions in franchise and management agreements
- Analyze hotel acquisition opportunities
- Monitor and assess the performance of a hotel portfolio
- Discuss and assess emerging trends in hospitality related to new lodging concepts, short-term rentals, and ESG initiatives
- Describe and analyze the financial metrics and operations of timeshare and condo hotels
- Assess and know where to find emerging trends in hospitality Proptech
- Prepare and present an investment committee report for a new ground up hotel development project

Recommended Preparation:

[Lodging Outlook December 2023](#)

[Marriott Post COVID](#)

Course Notes

- In class attendance is expected to enhance a collaborative learning experience
- Most lecture slides will be provided on Blackboard prior to the class
- Two field trips planned:
 - LAX Hyatt House/Place (401 keys): A 250K sqft office building conversion
 - Waldorf Astoria Beverly Hills (170 keys): Most recent ground up 5 star hotel in LA

Technological Proficiency and Hardware/Software Required

[USC Computing Center Laptop Loaner Program](#) [Zoom information for students](#)

[Blackboard help for students](#)

[Software available to USC Campus](#)

Required Readings and Supplementary Materials

TBD

Optional Readings and Supplementary Materials

TBD

Description and Assessment of Assignments

- Every week, 1 - 2 students will be assigned to present a current article related to hotel brands, finance, technology, ownership, management, etc. Students should be prepared to tell the class “why” the article is relevant to the hotel industry. Here is an example of an interesting article with relevant future implications: [ACE Hotel DTLA](#)
- Mid-term exam with multiple choice, fill in the blank, and computational questions
- Final exam will be a group assignment (groups of 3) deck and presentation made to an “investment committee” trying to convince them to fund the required equity for a hypothetical hotel development project



Participation

Students are expected to engage with each other, guest speakers, and the professors.

Grading Breakdown

Assessment Tool (assignments)	Points	% of Grade
Article Presentation	5	5%
Class Participation	10	10%
Mid-Term	25	25%
Final	60	60%
TOTAL	100	100%

Grading Scale

Course final grades will be determined using the following scale:

Letter grade	Corresponding numerical point range
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

Attendance

Students are expected to attend every class in person except as agreed upon by the professor(s) and student on a case by case basis.

Classroom norms

- The primary commitment is to learn from each other. We acknowledge differences among us in disciplines, experiences, interests, and values.
- Build on one another's comments; work toward shared understanding.
- If you wish to challenge something that has been said, challenge the idea or the practice referred to, not the individual sharing this idea or practice.



- Keep the tone and words respectful and productive.
- Allow others a chance to participate; empower yourself to participate.
- Maintain one another's confidence. We want to create an atmosphere for open, honest exchange.
- Do not write or say anything that would be compromising if it were made public.

Academic Integrity

The University of Southern California is foremost a learning community committed to fostering successful scholars and researchers dedicated to the pursuit of knowledge and the transmission of ideas. Academic misconduct is in contrast to the university's mission to educate students through a broad array of first-rank academic, professional, and extracurricular programs and includes any act of dishonesty in the submission of academic work (either in draft or final form).

This course will follow the expectations for academic integrity as stated in the [USC Student Handbook](#). All students are expected to submit assignments that are original work and prepared specifically for the course/section in this academic term. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s). Students suspected of engaging in academic misconduct will be reported to the Office of Academic Integrity.

Other violations of academic misconduct include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see the [student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

AI Generators in your course

In this course, I encourage you to use artificial intelligence (AI)-powered programs to help you with assignments that indicate the permitted use of AI. You should also be aware that AI text generation tools may present incorrect information, biased responses, and incomplete analyses; thus they are not yet prepared to produce text that meets the standards of this course. To adhere to our university values, you must cite any AI-generated material (e.g., text, images, etc.) included or referenced in your work and provide the prompts used to generate the content. Using an AI tool to generate content without proper attribution will be treated as plagiarism and reported to the Office of Academic Integrity. Please review the instructions in each assignment for more details on how and when to use AI Generators for your submissions.

If found responsible for an academic violation, students may be assigned university outcomes, such as suspension or expulsion from the university, and grade penalties, such as an "F" grade on the assignment, exam, and/or in the course.

Course Content Distribution and Synchronous Session Recordings Policies



USC has policies that prohibit recording and distribution of any synchronous and asynchronous course content outside of the learning environment.

Recording a university class without the express permission of the instructor and announcement to the class, or unless conducted pursuant to an Office of Student Accessibility Services (OSAS) accommodation. Recording can inhibit free discussion in the future, and thus infringe on the academic freedom of other students as well as the instructor. ([Living our Unifying Values: The USC Student Handbook](#), page 13).

Distribution or use of notes, recordings, exams, or other intellectual property, based on university classes or lectures without the express permission of the instructor for purposes other than individual or group study. This includes but is not limited to providing materials for distribution by services publishing course materials. 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. ([Living our Unifying Values: The USC Student Handbook](#), page 13).

Course Evaluations

Course evaluation occurs at the end of the semester university-wide.

Course Schedule

	Date	Topics/Daily Activities	Guest Speaker (Subject to Change)
Week 1	01/11/24	Overview of the Lodging Industry & Hotel 101	
Week 2	01/18/24	Operations & Heads in Beds	Kenan Tekin, GM LAX Hyatt House/Place
Week 3	01/25/24	Hotel Market Demand & Overview of Lodging	Channing Henry, Managing Director PKF
Week 4	02/01/24	The Development Process and Team	Jay Newman (TBD)
Week 5	02/08/24	Hotel Finance	Zack Streit, Managing Director Way Capital
Week 6	02/15/24	Franchise and Management Agreements	David Sudeck, JMBM
Week 7	02/22/24	Field Trip - LAX Hyatt House/Place	5959 W Century Blvd.
Week 8	02/29/24	Hotel Acquisitions	Diana Simpson, CBRE
Week 9	03/07/24	Mid-term & Hand out / go over final	
Spring Break	03/14/24	No Class	



Week 10	03/21/24	Asset Management	Sam Sugarman, Trinity Investments
Week 11	03/28/24	Timeshares & Condo Hotels	David Brown & Bill Dodds
Week 12	04/04/24	Field Trip - Waldorf Astoria Beverly Hills	Ted Kahan, President Alagem Capital
Week 13	04/11/24	Alt. hospitality, STRs, Adaptive Reuse, ESG + Proptech	Zack Aarons, Co-Founder Metaprop VC
Week 14	04/18/24	Final Project Presentations	Refer to the final exam schedule in the USC Schedule of Classes at classes.usc.edu .
Week 15	04/25/24	No Class	
FINAL		N/A	

Statement on Academic Conduct and Support Systems

Academic Integrity:

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, compromises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see [the student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).



Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

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

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

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

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

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 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) 740-0411

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

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

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) 442-1200 – 24/7 on call

Non-emergency assistance or information.

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

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) 442-2850 or otfp@med.usc.edu

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