

RED 437: Advanced Finance and Investment for Real Estate Development

Class Schedule

Time: Tuesdays 6:00-9:20 PM

Room: RGL 100

GoogleDoc (Schedule/Sign-ups/Participation Tracking):

https://docs.google.com/spreadsheets/d/1tAMCHxW_tRzf63rnH64QtdK5ivAac2BixpX7MaCXvco/edit?usp=sharing

Class Session Zoom:

<https://usc.zoom.us/j/94466966408?pwd=bFNxSnJKUVlqdysxQnAyNk14cURMQT09>

Office Hours Zoom: <https://usc.zoom.us/my/a6263794743?pwd=MnNiV0hrNkMvL2szVm1xRjZnQm5HQT09>

(please login to usc.zoom.us prior to joining either Zoom meetings)

Instructor

Nate Munson

email: nkmunson@usc.edu

call or text: 626-379-4743 (if you text, be sure to tell me who you are in the text)

Office Hours

Century City Office Hours: email me to join me for lunch anytime (I'll buy)

Zoom Office Hours: Fridays 11:00am to 11:45am or as arranged in advance

Office Hours sign up via GoogleDoc (link above)

Course Overview

This course is designed to help students master the core skills needed to evaluate real estate investment and financing decisions in real-world situations. There will be a heavy emphasis on excel modeling. The course focuses on enabling students to think critically about the factors that influence real estate valuations, risks, and returns. Above all, the course will give you the tools and encourage you to have an **OPINION**. There are very few binary decisions in real estate investment and management, therefore many decisions are based on opinion and risk tolerance.

This course is also designed to help students understand the risk and return differences between different real estate investment positions, how to evaluate the tradeoffs between them, and to understand how fluid and flexible these positions can be. To accomplish this, students will evaluate the risk and return factors associated with various real estate product types, repositioning programs, and capital stack positions.

There will be an emphasis on the current, real world real estate markets through my own real time work and guest speakers. Students should be prepared to engage with questions and suggestions of things they are interested in hearing about.

Real estate professionals add value when they understand and implement these concepts, regardless of their particular role (partial list: brokers, asset managers, lenders, property managers, attorneys, appraisers, portfolio managers, corporate real estate professionals, investors, developers, capital allocators, or government employees).

Course Organization

The course is a combination of current event/deal discussion, lectures, excel modeling, guest speakers, and case studies/presentations. My primary goal is to make the class as “real world” as possible to give students a professional perspective to balance the academic perspectives they’ve received previously. As students enrolled are typically seniors and entering the workforce near term, I tailor the class to prepare them as much as possible for what they will encounter as they begin professional careers in real estate.

Discussing current events, lectures, guest speakers, and modeling labs are intended to prepare students by giving them the tools necessary to critically and creatively analyze the issues found in the cases. The cases have been selected to provide students with a broad array of advanced real estate topics and to guide them to apply the concepts taught during lecture in a real-world setting. Guest speakers will add to the learning in two important ways – (1) they will provide context for class material and current information about a variety of markets and product types and (2) they will impart real time practical knowledge and lessons learned helping students begin their transition from an academic environment to a professional work environment.

Students are expected to be prepared to participate actively in class discussion. Assignments may include market analyses, current reading combined with forming and backing up opinions, case questions, case write-ups, excel modeling, and presentations. There will be one midterm exam and a final exam; these will be heavy on excel modeling, analysis, and forming and backing up opinions. You will be given a practice midterm and a practice final in advance which will prepare you for the real thing.

The course is appropriate for students interested in real estate with strong finance skills and a desire to use them to underwrite real estate in a dynamic environment.

The following is a prerequisite for this course: RED 435.

MATERIALS

There are no official materials needed for this class other than a computer with access to Excel.

Textbook

none

Periodicals/Current Events: Students are expected to know what is happening in real estate markets. By staying abreast of what is happening, students can test (and increase) their understanding of real estate lingo, fundamentals, players, and become relevant real estate professionals (hint – this helps

tremendously when networking and job seeking). Understanding and staying current in ever changing markets will be very important throughout your entire real estate career. You should create a habit of staying current and get to know the resources below. In addition, I will periodically send emails with current market info that I get which will be 100% optional reading unless I tell you otherwise.

News:

<https://newsletter.credaily.com/>
www.wsj.com/news/realestate
www.costar.com
www.therealdeal.com
www.bisnow.com
www.globest.com
www.greenstreet.com/news/real-estate-alert

Market Participants:

www.cbre-ea.com
www.msci.com/research/real-estate
www.ngkf.com/insights
www.cbre.com/insights#market-reports
www.cbre.com/insights
www.us.jll.com/en/trends-and-insights
www.aew.com/research

There are many real estate podcasts; an excellent and engaging podcast is the Weekly Take hosted by CBRE's Spencer Levy. <https://open.spotify.com/show/03NbKF9rnsD3DmtDC7N8pF>

YouTube – Excel Tutorials Resource:

There are many videos on YouTube to explain modeling, specific excel functions, and shortcuts. This is an excellent way to expand your excel knowledge or to solve problems.

Excel Is Fun – <https://www.youtube.com/user/ExcelsFun>

Class Lecture Slides

I will post to blackboard a PDF of any class lecture slides after used in class, but slides will be rare.

Other

You will get random emails from me forwarding interesting / applicable reading or reports that you may find interesting. Unless I specify otherwise, these will be for your reading pleasure and are 100% optional. I will share information that I think will be very helpful to you as you build your real estate knowledge, so even if you don't have time to read immediately, I'd encourage you to read and digest them when you have time. I strongly encourage you to read everything you can get your hands on to accelerate your transition from an academic environment to a professional work environment.

GRADING

Grade Evaluation

Excel Modeling / Written Assignments – 30%

Cases – 25%

Midterm Exam – 10%

Final Exam – 20%

Participation – 15%

Total – 100%

Excel Modeling / Written Assignments

The assignments portion of the final grade will be based on the individual grades from the assignments covered during the semester. Most, if not all, of these assignments will be graded based on effort. There will be an in-class excel lab assignment for many class periods, so attendance is very important!

Cases

Cases will be completed in groups of three or four. There will be a total of 3 cases: first case will be a group you pick, second will be a group I pick, third will be individual. For the first case, please sign up with your group on the Google Doc by the end of the second week of classes. If you are not in a group by then, I will randomly assign you to a group.

Each case grade will be based on three components: (1) excel model, (2) case write up, (3) oral presentations. Detailed information on these cases will be posted to Blackboard along with the expectations for each case. Students are required to come to class prepared to discuss each case. They are encouraged to work with their group in completing these parts, however, each student must submit their own individual solution to the Excel portions.

Midterm

The midterm exam will be held on Monday March 5, 2022 during part of our normal class period. The midterm will cover the material taught in the course to that point.

Final Exam (20%)

The final exam must be completed in a **24hr period beginning Tuesday, May 7 at 7:00 PM**. The final exam must be turned in via blackboard prior to 7:00pm on Wednesday May 8th. The final exam will be cumulative. Do not wait until a couple hours before the turn in time to begin working on the exam. It will be difficult, and I cannot guarantee I will be available to answer a question in time for you to complete the exam before the deadline. I will do my best to be available for questions anytime during that 24 hour period, but it is your responsibility to turn in the exam by the deadline, question answered or not.

Students need to verify the date and time prior to making travel arrangements. It is up to the student to make themselves available to complete the exam during that time. It is university policy to NOT make exceptions, so it will have to be a really good reason for me to change your time.

Because student feedback is so important to improving the class and the program, all students will receive 5% of extra credit on the Final Exam if 90% of the class fills out the class evaluation at the end of the semester.

Participation

Participation grades will be at my discretion based on the student's collective engagement over the course of the semester. It is the student's responsibility to demonstrate that engagement to me, it is NOT my responsibility to search for your engagement level. There are many different ways to demonstrate engagement including but not limited to: contributing positively to class discussion, attending office hours, asking questions in/outside of class, informational interviews, engaging with guest speakers, arranging class tours, sharing real estate knowledge gained outside of class, etc. Arriving late, sleeping in class, streaming anything, not attending class, not paying attention, or using electronic devices for anything other than what is being discussed during class will decrease your participation grade. Students need to be present to contribute. Attending class via Zoom should be a last resort, and if abused will definitely affect your participation grade. If attending class via Zoom becomes a habit/problem that option will be removed for that individual. **This is an IN-PERSON CLASS.**

Please note, you need to notify me at least one week in advance if you are going to be absent from class when a case presentation is due. If you need to miss class on a day when a case presentation is due, you will need to plan ahead and coordinate with me to make arrangements.

Additionally, unless students provide an accommodation letter from USC's Office of Student Accessibility Services, attendance and active participation is expected in the classroom. Any student with such accommodations should submit their accommodation document as soon as possible and no later than the end of the second week of classes to discuss appropriate accommodations.

Guest Speakers (Part of Participation Grade)

An important part of participation happens when we have guest speakers. Guest speakers generously give of their time and provide a real-world perspective. Please prepare for guests by researching about the individual and their company in advance. Come prepared to ask questions related to their area of expertise. Access to real estate professionals is an extremely valuable learning experience. Please reach out and thank them for their time individually (linkedin is a great way). Your participation in this will influence your participation grade.

It is up to the student to track their participation with Guest Speakers on the GoogleDoc which I will refer to when awarding participation points at the end of the semester.

Informational Interviews (Part of Participation Grade)

Informational interviews are THE best way to learn about a career in real estate and build your network. Networking is essential to a successful career in real estate. You should regularly reach out to industry professionals to set up informational interviews – take advantage of the USC network and your student status. Informational interviews can be meeting someone for coffee, lunch, happy hour, or a phone conversation. Please be respectful of their time and work around their schedule. Informational interviews do not need to be stressful – professionals love to talk about what they do, and most are very

happy to share with students. It wasn't long ago they were in your shoes. All you need is a genuine interest in learning what they do and start asking questions. You don't need to know anything; all you need to do is be inquisitive. Ask about their career track, their current or past companies, their role in the real estate industry, what they are working on currently, etc. At the beginning of each class, we will devote some time to share insights you receive from informational interviews with the class. (hint: doing info interviews and sharing insights in class is a very good way to ensure a strong participation grade) <https://careers.usc.edu/students/networking-and-mentors/conduct-interviews/>

Along this same line, I currently work full-time at AEW Capital Management in a senior acquisition role. During my career, I've spent time in corporate real estate, asset management, and acquisition roles at several different companies. At some point in each class, I'll share a bit about what I'm working on that day or week. Please be prepared to ask questions about what I'm working on, my career, current trends in real estate, etc.

Late Submittals

In a professional setting, missing a deadline is extremely detrimental to your reputation and will affect how you are viewed by your co-workers and superiors. Professionals do what it takes to meet deadlines. Assignments are considered late if they are submitted after the due date and time. Against my better judgement, I will give 50% credit to late assignments up to 48 hours late. After 48 hours, there will be no credit given. It is your responsibility to contact me in advance of a deadline if you are unable to meet it – but keep in mind, circumstances will have to be quite significant for me to grant exceptions. If you wouldn't go to a boss with the "excuse", don't come to me with it.

Grading Difficulty

Assignment grading will gradually increase in difficulty (level of effort). Grading at the beginning of the semester will be a bit more lenient and become more critical over the semester as you become very familiar with expectations. Grading for almost everything outside of the mid-term and final will be based on effort. It is up to you to demonstrate/explain your effort if you don't arrive at a final, correct answer.

Request for Regrade / Clarification Policy

Final grades are determined by performance on the items discussed in the "Grade Evaluation" section. Extra credit or make-up assignments (for unexcused absences) are not possible. However, grading errors should be corrected. Appeals must be submitted in writing within one week after the originally graded work is returned to the class. When submitting an appeal, you must explain in detail why you think an error was made. It's important to note that the entire document will be regraded and checked for all grading errors. All grading errors that are found will be corrected. Depending on if any errors are found, revised grades could be either higher, lower, or the same as the original grades. If you find an error in a model that I made that I am unaware of, and you remind me, I will increase your grade on that assignment or exam by 20% (my discretion on what constitutes an error and the correct solution).

Notification of Scores and Final Grades:

Grade results are not given via phone, US post, e-mail, or verbally in person – they will be posted on Blackboard as soon as I complete them. My goal is to grade submittals throughout the term within a few weeks after submission. However, please be patient, as I have a demanding full-time position that

includes a lot of travel, so there will be times that grading takes longer than two weeks. If there is a pressing need for me to grade something sooner rather than later, please let me know and I'll will prioritize that assignment. Students may obtain their final grades online.

Grading Scale

Final grades will be determined based on the following scale:

A	93-100
A-	90-92
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

ADMINISTRATION

Assignments

Q: Can I work on assignments with classmates?

YES! Except where noted, collaboration and working in groups *is encouraged*. Real Estate is a very collaborative industry – you will constantly be working with all kinds of people both inside and outside of your organization. You will need to find answers anywhere possible – get used to asking questions and being resourceful. Homework and Case Assignments are designed for your benefit. They are designed to give you experience in applying what you learn in class and from the readings. They also reflect what the exams will look like (in part). It is highly recommended that you treat Homework and Case Assignments seriously. Waiting until the last minute to work on assignments and prepare for class is sub-optimal and will likely lead to sub-optimal performance (and I will likely notice your lack of effort which will directly affect your grade on that assignment).

Office Hours

Sign up: (google doc link at the beginning of this document)

After you sign up, please e-mail me at least one day prior to coming to my office hours so that I can be prepared for our discussion. Let me know what you would like to review and what questions you have. This will allow our discussion to be more meaningful and productive. In addition to answering questions related to class, I'm very willing to discuss anything real estate related (i.e. – career advice, resume critique, interview prep, internship or job offers, opinions on different roles or firms, etc). Lastly,

my office is in Century City. Open invitation: anytime you would like to join me for lunch to discuss any of the above, send me an email with a couple dates that work for you. I'll buy!

General Questions

Questions that are e-mailed to me will be answered at the beginning of the next lecture after they are received. Answers will be shared with the entire class so that everyone can benefit from them. If you would prefer an individual response, please set up a time to visit with me during my office hours or arrange to meet me for lunch. Please plan ahead to ensure responses are provided by the time you need them.

Covid-19

Students are expected to follow the most recent USC policies regarding masks, etc. Students who are experiencing illness should not attend class in person – attend via Zoom. Students must inform instructor in advance of any class sessions they cannot attend for medical reasons and accommodations will be arranged to view recorded lectures and submit alternatives to any missed class participation. Students will not be penalized for not attending class in-person under these circumstances. <https://coronavirus.usc.edu/>

Excused Absences and Make-Ups

Please contact the instructor prior to any affected deadlines if you have an excused absence. Excused absences are those outlined by the University. It is the responsibility of absent students to obtain and understand any class material missed. This includes, but is not limited to, the concepts discussed, notes, and any lab work. Make-up opportunities will not be given for unexcused absences. Assignments need to be completed on time if you plan to miss class to observe a holiday. Each class will be recorded via Zoom so those are available to watch at a later date or to review. Do not abuse the Zoom resource by not attending class in person or your access to it will be taken away.

Schedule of Assignments / Class Topics (GoogleDoc)

The class schedule and all assignments will be detailed on the Syllabus tab of the GoogleDoc spreadsheet. Please refer to this spreadsheet often, as this is a rough schedule and will be modified many times during the semester. Because the material is fluid, what is outlined are general dates, but I will change due dates and topics as needed throughout. This will also be done to accommodate guest speaker schedules, and allow us to spend more or less time on a particular topic as needed.

First Class Period: 1/9/24

Mid-term Exam: 3/5/24 (in class)

Last Class Period: 4/23/24

Final Exam: 24 hours beginning 7:00pm 5/7/24

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.