



## **RED 200: Introduction to Real Estate**

**Units: 4.0**

**Term — Day — Time: Fall 2024 — Thursdays — 6:00-9:20pm**

**Location:** Leventhal School of Accounting (ACC) 201

### **Instructor:**

[Austin Maddux](#)

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- Preferred email: [austin.maddux@foundrycommercial.com](mailto:austin.maddux@foundrycommercial.com)
- USC email: [maddux@usc.edu](mailto:maddux@usc.edu)
- Office: There is an adjunct instructor shared office on the first floor of Ralph and Goldy Lewis Hall (RGL) but, while on campus and not in the classroom, I will likely be at the University Club and can meet there. You are welcome to email me anytime to set up a time to speak live. Phone or MS Teams/Zoom calls are preferred for office hours.
- Office Hours: I have a 50-mile commute to/from campus so phone calls during this time are optimal. I can make other arrangements as needed.

### **Course Description**

To present the fundamental principles of real estate development practices and principals. Topics include: key concepts of development, investment, purchase and sale contracts, brokerage, valuation, financing, mortgage basics and development decision-making. We will examine the relationships between real estate markets and federal, state and local government policies including zoning and their influence on real estate development, how real estate shapes our cities and communities and who are the various parties involved in the real estate industry. Product types will be discussed including retail, office, industrial, and residential (for-sale and rental). At the conclusion of the course, students will have been exposed to the basic tools needed to understand real estate development and investment decisions.

The course focuses on enabling students to think critically in real world situations with imperfect information in a changing environment about the factors that influence real estate valuations, risks, and returns. This course is intended to answer questions of “why” and “how” and not just “what.” The class will evaluate the eco-system of real estate.

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.

Together we will establish our shared goals and standard for the class. We will focus on education and career development/preparation.

### **Learning Objectives**

This course provides an overview of key concepts that underpin the real estate industry. The main topics include a definition of the real estate development process, the key stages in that process, the role of feasibility analysis in that process. The emphasis is on providing students who have little or no financial analysis background with; (1) an appreciation of the real estate development process; (2) a working knowledge of the critical vocabulary and concepts and (3) a reasonable appreciation of how these concepts inform the real estate development and investment decision making process. The course is intended more to assure a reasonable understanding of these concepts than to create the ability to perform complex financial analysis.

Following the introduction to real estate development there will be a more comprehensive review of general concepts so that at the conclusion of the course, students should:

- Understand the basic processes that make up the real estate development and investment sectors
- Be familiar with the roles that comprise the real estate industry
- Examine the nature of city development and how it has evolved
- Understand the role of government in regulating land use

- Learn how zoning and government regulations affect land use and development
- Learn basic methods to value property
- Identify sources of debt and equity for commercial real estate transactions
- Understand how property ownership is held and transferred including ownership entities, brokerage, purchase and sale contracts
- Review the basic types of leases, lease clauses, leasing process and how leases impact property value
- Gain familiarity with the major product types including:
  - Residential (Rental and For Sale Housing & Land Development)
  - Retail
  - Office
  - Industrial

### **Prerequisite(s):**

None

### **Course Organization**

The course is a combination of current events, career corners, case studies, lectures, MS Excel efforts, guest speakers, a mid-term exam, a possible offsite property tour, a final project/case and a final exam. Lectures are intended to prepare students by giving them the tools necessary to critically and creatively analyze the issues found in the cases. The property cases have been selected to provide students with a broad array of real estate topics and to guide them to apply the concepts taught during lecture in a real-world setting. Guest speakers will play an important role in providing real world validation for concepts and student networking opportunities. Students are expected to be prepared to discuss every case. Assignments include market analyses, case questions, case write-ups, and presentations.

### **Typical Class Organization**

- Thursdays
  - Current events – 15 mins
  - Career corner – 15 mins
  - Case review/student presentations/discussion – 60 mins
  - Transition break(s) – 10 mins
  - Lecture – 100 mins

### **Material (Textbook, Slides, & Periodicals)**

**Class Session Slides:** PDF slides that correspond to the class session will be posted prior to the first session of class.

**Current Events/Periodicals:** Students are expected to know what is happening in real estate markets as well as general financial markets. By staying abreast of what is happening, students can test their understanding of real estate lingo and fundamentals. We will begin each class with a brief discussion on relevant current events. Here are a few initial sources of current information: the Wall Street Journal, Calculated Risk, Housing Wire, Urbanize LA, Curbed LA, Pensions & Investments, NAREIT Investment Smartbrief, Institutional Real Estate Newslite, TREPP Talk, and MSCI Real Estate Newsletter.

### **YouTube – Excel Tutorials Resource:**

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

### **Required Textbooks**

Required readings as identified for each class session from these textbooks:

- Ling, David C. and Wayne R. Archer. 2023. Real Estate Principles: A Value Approach, 7th Edition. New York, New York: McGraw-Hill/Irwin.
- Peiser, Richard B with David Hamilton. 2022. Professional Real Estate Development, 4th Edition. Washington, DC: Dearborn Financial Publishing and The Urban Land Institute.

**RED 200 – Class Outline**

The class outline below is intended to provide a general sense of class structure. Class each day will begin with current events and career corner. There are many approaches to teaching real estate and I have chosen the path that I believe is most effective for me to teach you the required course material in an exciting, engaging and effective way. We will cover many components of other overall real estate investment eco-system evaluating and discussing each. We will partner together in the class to maximize learning and experience moving faster or slower through certain topics based on student feedback and mastery of the material.

Class Session	Date	Career Corner	Class Session Topic	Assignment Due, Associated Readings Before Class
1	8/29/24	• LinkedIn and the Trojan network	• Class intro, what is real estate, market overview • How does real estate shape our communities?	• Review syllabus and be prepared with any questions • Ling & Archer ("L&A") Chapter 1 – The Nature of Real Estate and Real Estate Markets
2	9/5/24	• Defining your sandbox	• Overview of property types	• Prop case: 2041-2115 Colorado (tee up) • Peiser Chapters 3-7
3	9/12/24	• Contacting and info interviews	• How do we own real estate? • Acquisition and development investment closings	• Prop case: NYC Urban Logistics (napkin math and tee up) • L & A Chapter 2 – Legal Foundations to Value • L & A Chapter 3 – Conveying Real Property Interests
4	9/19/24	• Thinking about the long game (follow-up)	• 3 Major forces • What investments should be made?	• Prop case: 1K Fulton (desktop underwriting and LOI - letter of intent) • L & A Chapter 4 – Government Controls and Real Estate Markets
5	9/26/24	• Selling "you inc.", elevator pitches	• How do we determine the value of real estate? • Asset valuation, cash flow underwriting	• Prop case: @First (napkin math and tee up) • L & A Chapter 5 – Market Valuation and Appraisal • L & A Chapter 6 – Forecasting Ownership Benefit and Value – Market Analysis
6	10/1/24	• Securing internships while in school	• How do we determine the value of real estate? (con't) • Reversions	• Prop case: Northshore (underwriting & investment rationale) • L & A Chapter 7 – Valuation Using the Sales Comparable and Cost Approaches • L & A Chapter 8 – Valuation Using the Income Approach
7	10/10/24	• FALL RECESS - NO CLASS	• FALL RECESS - NO CLASS Continue reading ---->	• FALL RECESS - NO CLASS • L & A Chapter 10 - Residential Mortgage Types and Borrower Decisions • L & A Chapter 12 – Real Estate Brokerage and Listing Contracts
8	10/17/24	• Industry events	• How do we finance real estate? • Finance and accounting essentials • How desirable investments should be made?	• Prop case: Falcon Park 303 (underwriting, new property type review) • L & A Chapter 9 – Real Estate Finance – Laws and Contracts (Note, Deed of Trust) • Basic proforma
9	10/24/24	• Job postings review	• Incorporating debt • How should payments and distributions be made? • MS Excel work • Midterm review	• Prop case: Broadstone Balboa Park (underwriting, submarket review) • L & A Chapter 15 – Mortgage Calculations and Decisions • L & A Chapter 16 – Commercial Mortgage Types and Decisions, Mortgage Application • L & A Chapter 17 - Sources of Commercial Debt and Equity Capital, Ownership Structures, Entities • CRE Analyst - Follow the Dollar
10	10/31/24	• Resume building	• Midterm	• Midterm <b>I WILL BE ADMINISTERING THIS EXAM ONLINE (NO IN PERSON CLASS SESSION WILL BE HELD ON HALLOWEENO)</b>
11	11/7/24	• Mock interviews	• What are the key transactions among RE players? • Risk management, leasing, capex, taxes	• L & A Chapter 22 – Leases and Property Types • L & A Chapter 21 – Enhancing Value through Ongoing Management & Asset Management • L & A Chapter 23 – Development: The Dynamics of Creating Value
12	11/14/24	• Key factors for job selection	• How do we manage the RE investment process? • Investment vehicles, client capital management • Managing portfolios, portfolio finance, ESG+R, tech	• Prop case: Alta Dove Valley (SWOT & investment rationale, underwriting)
13	11/21/24	• Balancing offers • Compensation negotiation • Non-cash compensation	• Structuring, joint ventures • Promotes, waterfalls Possible guest speaker	• Prop case: Oregonian (underwriting and JV terms) • Required reading: HBS Case_Structuring Real Estate Deals_An Investor's Perspective
14	11/28/24	• THANKSGIVING - NO CLASS	• THANKSGIVING - NO CLASS	• THANKSGIVING - NO CLASS • Prop case: Final - River Run (begin review)
15	12/5/24	• Entrepreneurship	• Final exam review and preparation • Wrap up Possible guest speaker	• Prop case: Final - River Run • Final project presentations by students in class in front guest judges
16	12/12/24	• Final Exam	• Final Exam	• Final Exam

**Grade Evaluation**

Course grades will be based on a 100-point scale.

- Proper Cases – 30%. 8 property cases will be assigned. Your top 6 scoring cases with a value of 5 pts each (3pts total for numbers, 2 pts total for written) will be counted towards grade scoring. If students complete all property cases, the lowest two scores will not be included. Effort, quality, accuracy and improvement will be graded.
  - Final Exam (all topics in play) – 20%
  - Final Project (River Run) – 15%
  - Attendance – 12% (we have 14 class sessions, 1 pt per session up to 12)
  - Participation – 12% (instructor discretion, value consistent quality contribution over quantity, cannot receive participation w/out being in physical attendance)
  - Midterm Exam – 11% (all topics up to date of exam in play)
- Total – 100%

### **Cases and Assignments (30%)**

Cases will be completed either individually or in small groups as determined case by case by the instructor. I will assign groups for some cases and assignments and students will be allowed to self-select for some cases and assignments. Each case or assignment will carry a 5-point value. Grades will be assessed on both the written deliverable, including financial analysis, and a verbal presentation of the material (chosen at random so be prepared). Detailed information on these cases will be posted along with the expectations for each case. Students are required to come to class prepared to discuss each case. Case assignments are due prior to the corresponding class session. Any late assignments will receive a zero-point grade unless there is an excused absence compliant with University policy.

### **Final Exam (20%)**

The final exam will be held on Thursday, December 12th. All material covered prior to this date may be included in the exam material.

### **Final Project (15%)**

The final project will be comprised of a written deliverable, financial analysis and oral presentation that encompasses material learned throughout the course. Oral presentations will involve Q&A and each student will be expected to defend their recommendations and analysis. The project will be due by 11:59pm on Wednesday, December 4<sup>th</sup> and the oral presentations will be December 5th in class.

### **Attendance (12%)**

Class attendance is critical for this course. By attending class in person you will develop your relationships with fellow students, be able to ask questions and participate in the discussion (no questions will be allowed for students attending via Zoom) and engage with professional guest speakers. Each class will be worth 1 point up to 12 points. You are adults and will be treated as adults. I am not interested in your reasons for being absent. If you have a job interview or other pressing matter, I understand, and you must make your attendance decision based on your best judgment. That said, if there is an assignment due prior to class that day, the assignment is due regardless of your attendance in class.

### **Participation (12%)**

Participation grades are subjective and will be based on a student's ability to contribute positively to class discussions. Actively and regularly contributing positively to class discussions will increase a participation grade. Arriving late, sleeping in class, not attending class in person, not paying attention, or mis-using electronic devices during class will decrease your participation grade. Online Zoom participants negatively impact and distract in-person participants when they ask questions either through Zoom or messaging devices. As such, students will be penalized for asking questions remotely through Zoom if it is offered. Again, students need to be present to contribute. The only way to obtain the full participation credit for the day is to attend in person. I am more interested in the quality of your contribution to the class vs the quantity of your participation. Laptops will be allowed initially unless they prove to be a class distraction.

### **Midterm Exam (11%)**

The midterm exam will administered online the week of Thursday, October 31<sup>st</sup> as I will be trick-or-treating with my kids that evening. You will have the ability to complete the exam earlier in the day so you can also celebrate Halloween. Do not cheat on this exam as a result of it being online. If you collaborate with other students, share answers with others or otherwise cheat on the exam, I will know. All material covered prior to this date may be included in the exam material.

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 to the instructor as soon as possible and no later than the end of the first week of classes to discuss appropriate accommodations. Live remote access to the class via Zoom will be provided only if accommodation letter(s) from the University require it. I will not be recording the classes via Zoom. Students who are experiencing illness should not attend class in person. Contact me about a Zoom link if you feel you need to miss class due to illness but still want to attend online. If you have a prolonged medical issue that requires you to miss several class sessions, contact me and we will discuss how to best proceed.

### **Grading Difficulty**

Assignment grading will gradually increase in difficulty. Grading at the beginning of the semester will be more lenient and become more critical over the semester.

### **Grading Scale**

Final course grades will be determined based on the following scale:

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

### **Guest Speakers**

An important part of participation happens when we have guest speakers. Guest speakers generously give of their time and provide a real-world perspective of the current fundamentals influencing real estate finance. Please prepare to represent you, the RED program and me professionally when guest speakers join us by researching the individual and their company. Students are expected to come prepared to ask questions related to the guest speakers' area of expertise. 3-5 guests are expected later in the semester.

## **Administrative Points**

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### **Homework Points**

#### ***Q: Can I prepare for Homework & Case Assignments with classmates?***

A: Yes. Except where noted, collaboration and working in groups *is encouraged*. 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 midterm exam and final project will look like (in part). It is highly recommended that you treat case studies and other 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.

#### ***Q: How much time should I expect to spend studying and preparing outside of class?***

A: Only you know. Some topics may be more difficult or easy for you to grasp. You will have ample opportunity to dig as deep as you want to develop skills and understanding. As a general rule of thumb, you can expect to spend approx. 3 hours studying/preparing outside of class for every 1 hour in class.

### **Office Hours, Emails and General Questions**

Our office hours time will be more productive together if you email me ahead of time with the topics you wish to discuss. I will attempt to reply promptly to your emails. If I think the question is broadly applicable to the class I may share the response during the next class

session. If for any reason I haven't responded to you, please follow-up. While I periodically check my USC email, I am active daily on my preferred work email ([austin.maddux@foundrycommercial.com](mailto:austin.maddux@foundrycommercial.com)) so please email me there.

### **Notification of Scores and Final Grades:**

Grade results are not given via phone, US post, e-mail, or verbally in person. Materials submitted for grading throughout the term will be returned to students generally within one week after submission. Students with unexcused absences on the date that material is returned must retrieve their materials at the instructor's office. Students may obtain their final grades online.

### **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 handouts provided. Make-up opportunities will not be given for unexcused absences. If you miss a deadline or a class and it is unexcused, there will be no make up opportunity.

### **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, 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 either increase, decrease, or keep the grade the same.

## **Statement on Academic Conduct and Support Systems**

### **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.

Academic dishonesty has a far-reaching impact and is considered a serious offense against the university. Violations will result in a grade penalty, such as a failing grade on the assignment or in the course, and disciplinary action from the university itself, such as suspension or even expulsion.

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.

### **AI Generators Policy**

Feel free to use AI generators such as OpenAI/Chat GPT to learn and research topics when you feel additional/supplemental learning is needed for you progress and advancement. However, any case study or other assignment submissions that clearly use, or

plagiarize, AI generated content will receive a zero point score and the student may be subject to further academic discipline consistent with University policy.

For further clarification, this course aims to develop creative, analytical, and critical thinking skills. Therefore, all assignments should be prepared by the student working individually or in groups. Students may not have another person or entity complete any substantive portion of the assignment. Developing strong competencies in these areas will prepare you for a competitive workplace. Therefore, using AI-generated text, code, or other content is prohibited in this course, will be identified as plagiarism, and will be reported to the Office of Academic Integrity.

### **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 relation to the class, whether obtained in class, via email, on the internet, or via any other media. Distributing course material without the instructor's permission will be presumed to be an intentional act to facilitate or enable academic dishonesty and is strictly prohibited. ([Living our Unifying Values: The USC Student Handbook](#), page 13).

### **Statement on University Academic and Support Systems**

#### **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](https://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

#### **Student Financial Aid and Satisfactory Academic Progress:**

To be eligible for certain kinds of financial aid, students are required to maintain Satisfactory Academic Progress (SAP) toward their degree objectives. Visit the [Financial Aid Office webpage](#) for [undergraduate](#)- and [graduate-level](#) SAP eligibility requirements and the appeals process.

#### **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 consists 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) 740-2500

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](mailto: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.