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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. The coursepack can be found at this link which is also posted on Blackboard (<https://hbsp.harvard.edu/import/1140232>),

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 3-11. 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 3-11)	100	25.0%
PARTICIPATION	60	15.0%
TEAM PROJECT	160	40.0%
TOTAL	400	100.0%

COURSE CALENDAR

	Key Topics	In Practice	Readings	Assignments
8-Jan	Week 1: Introduction to RE Strategy -Course Background -What is strategy? -How do RE companies establish competitive advantage? -How can strategy meet the needs of a diverse set of stakeholders? -Introduction to RE Capital Structures	No speaker	UU/PwC Emerging Trends in RE 2023	N/A
15-Jan	Week 2: Capital and Introduction to Portfolio Strategy -How have RE capital structures evolved? -What is the next generation of RE capital fundraising? -Matching investment and capital needs -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?	No speaker	UU/PwC Emerging Trends in RE 2023 (sections on geography) MCK RE Investment Management MCK Private Markets Review (pgs 31-43) DWS Understanding US RE Debt	N/A
29-Jan	Week 3: Portfolio Strategy and Introduction to Talent Management -Introduce final project -How do companies recruit and retain talent in CRE? -How do organizations structure themselves to execute efficiently? -What compensation strategies align incentives?	Guest Speaker: Jeff Jennison, CEO Watson Land Company Case Study: Watson Land	Watson Land Company Materials	-Prepare speaker questions -A groups prepare presentations -B groups prepare written response
5-Feb	Week 4: Talent Strategy -What are co-OP and other variations on capital structures? -How do executives make talent management decisions?	Guest Speaker: Ellen Klason, RCLCO Executive Search and Adam Ostler, RCLCO Management Consulting Case Study: CEO Search	Search Case Materials	-Prepare speaker questions
12-Feb	Week 5: REIT Background and Fund Strategies -How are REITs structured? -How do REITs make strategic decisions? -How can a SWOT analysis inform strategy?	Guest Speaker: Warren Waehsberger, AECOM Capital Case Study: AECOM Capital	AECOM Capital Case Materials BofA REIT Primer MS RET Outlook Charts (Review, don't need to read entirely)	-Final project group proposals -Prepare speaker questions -Written response/prepared presentations (groups to be decided in advance)
19-Feb	Week 6: Cycle Strategy -How do market cycles impact company strategy? -What does the current market environment mean for CRE companies? -How do companies use debt and what strategies impact their approach to leverage?	Guest Speaker: Mike Krumwiede, Lessen Case Study: Zillow Offers	Zillow Offers: Winning Online Real Estate 2.0 (HBS Case 200-021) Ribbon Home: iBacking for Real estate (HBS Case 219-039) WSJ Articles on iBuyers + Zillow Optional: Opendoor: Launching in Los Angeles (SBS Case) N/A	-Prepare speaker questions -Case study written response
4-Mar	Week 7: Site Visit SITE VISIT	SITE VISIT Guest Speaker: Daniel and Ryan Neman, Ryda	N/A	-Prepare speaker questions
11-Mar	Week 8: Debt and SWOT Presentations SWOT Presentations -What role does RE debt play in company strategy?	Guest Speaker: Vicky Schiff, Avrio	NAOP Creating a Private Equity Fund Ares: Growing Investment Opportunity for CRE Debt Optional: Comptroller's Handbook	-Prepare speaker questions -Final Project SWOT presentations
25-Mar	Week 9: Organization -How to manage an organization during change? -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	Guest Speaker: Allison Lynch, Primestar	AREA Property Partners Case Drake Case (Optional)	-Prepare speaker questions -Case study written response
8-Apr	Week 10: ESG -How do CRE players positively impact their communities and environment? -What role do market innovations play in addressing the region's housing shortage? -Presentation approaches and skills Final project presentations	Guest Speaker: Paul White, Four Seasons	Rose Background Materials MCK Affordable Housing in LA WSJ Affordable Housing Article LAT Affordable Housing Article	-Prepare speaker questions -Case study written response
15-Apr	Week 11: ESG Final project presentations	Guest Speaker: Gadi Kaufmann, Chairman RCLCO and Derek Wyatt, RCLCO	Waypoint: Re-inventing the Single Family Home Rental Case	Final projects due
22-Apr	Week 12: Final Projects and Discussion Guest Speaker	Guest Speaker: Lee Wagman, GPI		

AI Policy:

You are welcome to use AI (e.g., ChatGPT and image generation tools) to support your submissions in this class. Learning to use AI is an emerging skill, and I welcome the opportunity to meet with you to provide guidance with these tools during office hours or after class. Keep in mind the following:

- AI tools are permitted to help you brainstorm topics or revise work you have already written.
- If you provide minimum-effort prompts, you will get low-quality results. You will need to refine your prompts to get good outcomes. This will take work.
- Recognize that AI's knowledge around CRE topics is relatively limited compared to other domains. ChatGPT and similar resources can be helpful tools, but be aware that many of the concepts we are discussing in class aren't a perfect fit with their capabilities.
- Proceed with caution when using AI tools and do not assume the information provided is accurate or trustworthy. If it gives you a number or fact, assume it is incorrect unless you either know the correct answer or can verify its accuracy with another source. You will be responsible for any errors or omissions provided by the tool. It works best for topics you understand.
- Be thoughtful about when AI is useful. Consider its appropriateness for each assignment or circumstance. The use of AI tools requires attribution. You are expected to clearly attribute any material generated by the tool used.

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.