

MSRE 6160-U90 Real Estate Capital Markets

Spring 2020

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Class Time: Wednesday 5:30 pm -8:15 pm

Course Description

This course examines the convergence of real estate and the capital markets by covering the structure and operation of the private and public, debt and equity real estate capital markets, as well as derivative markets that involve real estate. A thorough range of topics in equity real estate investment are examined including: private equity markets, private equity deal structuring, public and private real estate investment trusts (REITs), problems in measuring risk and return; structuring optimal portfolios, portfolio valuation issues, valuing publicly traded real estate securities, performance evaluation and attribution, and real estate risk management techniques. This course also covers a variety of topics in commercial real estate debt markets, including the structure of the US mortgage finance system, and the valuation of mortgages and commercial mortgage-backed securities.

Course Objectives

- To understand the basic real estate capital market instruments, including private debt, private equity, public debt, and public equity.
- To understand how to structure a real estate deal
- To understand how to access various real estate funding sources
- To understand how to invest in different real estate capital market instruments

Office Hours

I am available at the CCB before class time from 5:00 -5:30 PM or after class. Please email me if you want to talk to me before time. I will also gladly make other appointments as necessary. I strongly encourage you to take advantage of my office hours. I believe that any student that is taking this class has the ability to learn this material and to do well in this class. If you are having difficulty, I want to help you determine both what the problem is and what needs to be done to correct it.

Conduct and Academic Honesty Policy

All students in this class must comply at all times with University policies on academic integrity. Any student violating these policies, as defined in the Graduate Catalog, will be referred to the University administration for disciplinary action. Sanctions for academic dishonesty include, but are not limited to, receipt of an F in this course, suspension, or expulsion from the University.

I take academic honesty very seriously, and I expect you too. On tests and class assignments you may not benefit from any work not produced by your own intellect.

Textbooks

We will use two books during the class. The first book is *Global Property Investment: Strategies, Structures, Decisions* by Baum and Hartzell. It is *required* that you purchase this book.

The second book we will use is *Commercial Real Estate Analysis & Investment*, 3rd Edition by Geltner, Miller, Clayton, and Eichholz. While I listed this as optional with the bookstore, the reality is that you will use this book in several other courses, including MSRE 6158 and MSRE 6152, so I will assume that you have a copy available to you. If you do not, you really should go ahead and purchase it.

Grading Policies

There will be four graded cases/projects, each count for 18% of your final grade. The Midterm will account for 28% of your final grade.

Grading Scale

The lower bounds for final grades of A, B, C will be no higher than 90, 80, and 70 percent of the total available points, respectively. Grades will be curved if necessary. There is, of course, no lower bound for the grade of U.

Case Studies and Projects

There are four case studies/projects. Students should buy the case packet from the Harvard Business Publishing following the link: <https://hbsp.harvard.edu/coursepacks/686350>. For these case studies, students should form a group of no more than three people. Discussions of the cases will take place during class, but no “solutions” will be provided. For each case, students must upload a single PDF file to Canvas on or before **5:00 PM** on the due date.

Electronic Communications

All students at UNC-Charlotte are assigned a student email account, which is the official means of communication between the University and the student. Although I will certainly respond to you if you use another email system, you should be aware that any class-wide announcements that I send through email will be sent to your UNC-Charlotte email account.

I will also maintain a Canvas site for this class. On this site I will post class materials, including PowerPoint slides, problem sets, and other miscellaneous materials.

In the event of inclement weather, please check my Canvas site for information on whether class will be held or not. If the University shuts down, then we will too. Sometimes, however, conditions in uptown are different from those of campus, so please check my Canvas whenever winter weather conditions threaten.

Diversity

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

Title IX Reporting Obligations

UNC Charlotte is committed to providing an environment free of all forms of discrimination and sexual harassment, including sexual assault, domestic violence, dating violence, and stalking. If you (or someone you know) has experienced or experiences any of these incidents, know that you are not alone. UNC Charlotte has staff members trained to support you in navigating campus life, accessing health and counseling services, providing academic and housing accommodations, helping with legal protective orders, and more.

Please be aware that many UNC Charlotte employees, including all faculty members, are considered Responsible Employees who are required to relay any information or reports of sexual misconduct they receive to the Title IX Coordinator. **This means that if you tell me about a situation involving sexual harassment, sexual assault, dating violence, domestic violence, or stalking, I must report the information to the Title IX Coordinator.** Although I have to report the situation, you will still have options about how your case will be handled, including whether or not you wish to pursue a formal complaint. Our goal is to make sure you are aware of the range of options available to you and have access to the resources you need.

If you wish to speak to someone confidentially, you can contact any of the following on-campus resources, who are not required to report the incident to the Title IX Coordinator: (1) University Counseling Center (counselingcenter.uncc.edu, 7-0311); (2) Student Health Center (studenthealth.uncc.edu, 7-7400); or (3) Center for Wellness Promotion (wellness.uncc.edu, 7-7407). Additional information about your options is also available at titleix.uncc.edu under the “Students” tab.

Disability Accommodations

UNC Charlotte is committed to access to education. If you have a disability and need academic accommodations, please provide a letter of accommodation from Disability Service early in the semester. For more information on accommodations, contact Office of Disability Service at 704-687-0040 or visit their office in Fretwell 230.

Class Structure, Readings and Dates

This schedule of readings is **tentative and is subject to change**. The test dates, however, are firm and not subject to change. You are expected to read the material **before** coming to class. Note that B&H indicates the Baum and Hartzel text, and GCM&E indicates the Geltner, Miller, Clayton and Eichholtz text. Any supplemental material will be posted in Canvas.

Date	Topic	Reading Material
Finance Fundamentals		
1/8	Overview of the Real Estate Capital Markets	B&H1 GMC&E 1 & 7
1/15	Real Estate Market Fundamentals	B&H2 & 3 GMC&E 2 ULI-2019 Emerging Trends
1/22	Real Estate Private Equity and Waterfalls Wildcat Capital Investors Case Assigned	B&H10 GMC&E 15
1/29	Real Estate Joint Venture and Deal Structure	B&H10, B&H 11 GMC&E 15
2/5	Public Equity Real Estate REITs Project Assigned	B&H12 GMC&E 23
2/12	Wildcat Capital Investors Case Due Wildcat Capital Investors Case Presentation (20 minutes)	
2/19	Midterm	
2/26	US Housing Finance System Commercial Mortgages	B&H13 GMC&E 18
3/11	Commercial Mortgages and CMBS The Trouble with Lenders Case Assigned	
3/18	REITs Project Due REITs Project Presentation (20 minutes)	B&H13 GMC&E 18 & 19
3/25	CMBS The Return of the Loan Case Assigned	
4/1	The Trouble with Lenders Case Assigned Due The Trouble with Lenders Case Presentation (20 minutes)	
4/8	Real Estate Derivative and Real Estate Risk Management	B&H14 GMC&E 26
4/15	International Real Estate Investment	B&H 15 16

4/22	The Return of the Loan Case Due The Return of the Loan Case Presentation (30 minutes)	
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