Course: Real Estate Capital Markets
Sections: MSRE 6160
Semester: Spring 2018
Professor: Dr. Kiplan S. Womack
Office: Friday 346A
kwomack4@uncc.edu
704.687.7584 (office)

Class Info: Thursday 5:30 pm - 8:15 pm
City Center Building, Room 506

Office Hours: Thursday 4:45 pm to 5:30 pm in the classroom, or by appointment.

Course Description

This course emphasizes the role of the public and private capital markets in facilitating development and investment in commercial real estate. Topics include: primary and secondary mortgage markets and securitization; private equity financing; and the analysis of publicly traded equity real estate investment trusts (REITs).

Course Objectives and Learning Goals

- Develop an in-depth understanding of debt and equity real estate capital markets
- Understand the size, structure, and players of the real estate capital markets
- Recognize the risks and returns inherent in the real estate capital markets, and how to assess investment performance and risk
- Understand why investors choose a particular capital stack to finance an investment
- Compute IRR waterfall for deals with a joint venture structure
- Understand MBS securities, the securitization process, and how securitization provides capital
- Working knowledge of credit default swaps and other derivatives
- Distinguish the types and structure of REITs
- Innovations in capital markets, such as crowdfunding and blockchain technology
Course Methodology

Class sessions will be primarily composed of lectures (with substantial participation and discussion expected from students), but a variety of methods are employed to help make the class interactive. This may include outside speakers, group activities, videos, and real-world problems.

Course Materials

- **Commercial Real Estate Analysis & Investments**: David Geltner, Norman Miller, Jim Clayton, and Piet Eichholtz; 3rd Edition; Cengage Learning. (Required)
- SNL.com (only accessible on university network, must request account)
- Assignments, additional readings, and other resources will be posted in Canvas. Students are expected to check the website often for current postings.

Course Prerequisites

Financial Management (MSRE/MBAD 6152)

Course Grading

The components that make up the grading in this course are listed below:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterfall Project</td>
<td>20%</td>
</tr>
<tr>
<td>REIT Project</td>
<td>20%</td>
</tr>
<tr>
<td>MBS Project</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam (cumulative)</td>
<td>40%</td>
</tr>
<tr>
<td>Participation (see next section)</td>
<td></td>
</tr>
</tbody>
</table>

Students arriving late for an examination will be permitted to sit for the exam only if no other student has turned in an exam before the late arrival. As soon as the first student turns in her/his exam and leaves the room, any student arriving later than this will not be permitted into the examination room and will receive a score of zero. Students arriving late for an examination will not receive any extra time.

Late assignments will be penalized 25% of the possible points for each day late. Make up assignments/exams will not be given. Best efforts are made to grade and give back assignments/exams to students at the next class meeting. Any challenges to the grade received must be made in writing (via email) within 2 weeks from receipt of the grade. After this time period no grade changes will be considered or allowed. If you miss an exam for any reason, you will receive an incomplete grade ("I") and will have to make arrangements to complete the course requirements in a later semester.
Attendance & Participation

Attendance will be recorded each class. Attendance means the student was present and actively participating for the whole class. If you miss a class, it is your sole responsibility to get notes, files, etc. from another student. To help you maximize your impact in this class, below I have provided specific ways in which you can positively and negatively participate in class.

Positive Participation
Please be prepared to participate fully in the class discussion. You should read and think about each assigned reading, and come to class prepared to engage in informed discussion about the content and implications. Informed discussion is central to the success of the class. One of the primary advantages of being part of a high quality graduate program is that you get to participate in interactive discussions with other bright people from different backgrounds and experience. Good class participation is that which contributes to the learning experience of the class as a whole. This includes asking interesting questions, sharing relevant personal insights and experiences, offering constructive alternative points of view, and providing courteous/professional feedback to other people’s opinions. You can also contribute to the shared learning experience by offering pointers to additional articles or resources that add to the collective knowledge and learning of the group.

Negative Participation
The number one rule in this class is do not be a distraction! Activities that distract other students or the professor, disrupt the flow/quality of discussion, or in other ways reduce the effectiveness of classroom learning will be considered negative participation. (Included within this is your telephone ringing in class, inappropriate use of phone and laptops, excessive chatting with adjacent students, or inappropriate responses to other students’ questions/comments).

The use of cell phones, smart phones, or other mobile communication devices is disruptive, and is therefore prohibited during class. Please turn your off your cell phones (or put them into silent mode) in the classroom.

Negative Participation Can Reduce Your Grade
Constant or excessive tardiness at the beginning of class or following breaks, as well as negative participation (discussed above), can result in a reduction to your grade.

Grading Scale

<table>
<thead>
<tr>
<th>Grade</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>90 – 100</td>
</tr>
<tr>
<td>B</td>
<td>80 – 89</td>
</tr>
<tr>
<td>C</td>
<td>70 – 79</td>
</tr>
<tr>
<td>U</td>
<td>&lt; 70</td>
</tr>
</tbody>
</table>
Code of Conduct

Academic dishonesty is not tolerated by the Belk College of Business or this professor. Standards of academic integrity will be enforced in this course. All students have the responsibility to read and abide by The UNC Charlotte Code of Student Academic Integrity. This Code forbids cheating, fabrication or falsification of information, multiple submissions of academic work, plagiarism, abuse of academic materials (such as Library books on reserve), and complicity in academic dishonesty (helping others to violate the Code). Students observing violations of the Code are expected to report this to the professor. If you do not have a copy of the Code, you can obtain one from the Dean of Students Office or access it online at http://www.legal.uncc.edu/policies/ps-105.html. Violations of the Code of Student Academic Integrity, including plagiarism, will result in disciplinary action as provided in the Code. Definitions and examples of plagiarism are set forth in the Code. The professor may ask students to produce identification at examinations and may require students to demonstrate that graded assignments completed outside of class are their own work.

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.

Disabilities

If you have a disability that qualifies you for academic accommodations, please provide a letter of accommodation from Disability Services (phone 704-687-4355, 230 Fretwell Building) in the beginning of the semester.

Syllabus Changes

The standards and requirements set forth in this syllabus may be modified at any time. Notice of such changes will be by announcement in class, by email, or by changes to this syllabus posted on the course website (specific method is at the sole discretion of the Professor).

Course Plan

A tentative course plan for the semester is attached. Changes may be made to this plan pursuant to the previous section.
| Week 1 | 1/11 | Introduction  
Real Estate Capital Structure | Ch. 15 |
|--------|------|------------------------------------------------|
| Week 2 | 1/18 | Capital Markets Overview  
Guest Speaker |
| Week 3 | 1/25 | Private Equity | Ch. 15 & Handout |
| Week 4 | 2/1  | Waterfalls  
*Waterfall project assigned* | Handout |
| Week 5 | 2/8  | Crowdfunding | Handout |
| Week 6 | 2/15 | Real Estate Investment Trusts  
(Public Equity) | Ch. 23 |
| Week 7 | 2/22 | REIT Investment Analysis  
Guest Speaker  
*Waterfall project due*  
*REIT project assigned* | Speaker Handout |
| Week 8 | 3/1  | SNL training  
Monte Carlo simulation  
*Bring your laptop* | Handout |
| Week 9 | 3/8  | **Spring Break** |
| Week 10| 3/15 | **REIT Presentations** |
| Week 11| 3/22 | Mezzanine Debt  
*MBS project assigned* | Handout |
| Week 12| 3/29 | Mortgage Backed Securities | Ch. 20 |
| Week 13| 4/5  | Credit Default Swaps | Handout |
| Week 14*| 4/12 | **MBS project due**  
**MBS project presentations** |
| Week 15| 4/17 | **Spring Capital Market Symposium** |
| Week 16| 4/26 | Blockchain Technology in Commercial  
Real Estate Capital Markets | Handout |
| Week 17| 5/3  | **Final Exam (rather than 5/10)** | Same room/time as usual |