

Dartmouth College
Tuck School of Business

Real Estate
Winter 2021

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SYLLABUS (as of 1/1/21)

Course Description

This course provides an overview of the real estate industry and the basic analytic techniques used for investing in this \$17 trillion asset class. Students will take a hands-on approach, building a practical knowledge of real estate through case studies and class discussions. The study of multi-faceted real estate projects allows students to: 1) enhance their understanding of valuation, financing and portfolio management; and 2) analyze a broad set of management problems, such as how to recognize and describe value creation opportunities, how to evaluate and manage risk, how to structure partnerships and business contracts, and how to use real estate optimally within an operating business. A highlight of the course is the opportunity to interact with industry leaders and learn about the latest trends in the industry.

The course is organized into four modules:

- I. **Leasing, Valuation and Investment Strategy.** The first module covers the concepts and analytical methods used to make real estate investment decisions.
- II. **Financial Strategy.** The second module covers financial strategy: the costs and benefits of debt financing, taxes, the private equity model, and issues in financial contracting.
- III. **Special Topics and Current Trends.** The third module covers special topics and current developments in the real estate industry, managing real estate within a non-real estate operating business, the economics of leasing versus owning, the rise of co-working spaces and short-term leasing by entrepreneurial firms, and the impact of the COVID-19 global pandemic on commercial real estate.

Schedule

	DATE	TOPIC	CASE #
1	1/6	<i>Lecture 1</i> – Real Estate Overview	
		Leasing, Valuation and Investment Strategy	
2	1/7	<i>Lecture 2</i> – Valuation of Real Estate Projects and Portfolios	
3	1/13	<i>Case application</i> – Tulaberry Plaza – Leasing Decisions in Commercial Real Estate	KE1101
4	1/14	<i>Case application</i> – The Jeffersonville Warehouse: An Exercise in Valuing Real Estate <u>Case response due</u>	Tuck no. 1-0114
5	1/21	<i>Case application</i> – Should I Rent My Condo? Assessing Risks of a Property Investment <u>Case response due</u>	KE1115
6	1/22	<i>Case application</i> – Lovango Cay <u>Case response due</u>	HBS 220-008
7	1/27	<i>Case application</i> – STAG Industrial <u>Case response due</u>	Tuck No. TC1-0174
		Financial Strategy	
8	1/28	<i>Lecture 3</i> – Debt Financing	
9	2/3	<i>Case application</i> – A Tale of Two Properties: Debt Strategies for Financing Commercial Real Estate <u>Case response due</u>	KEL1106
10	2/4	<i>Lecture 4</i> – Dealing with Distress: The Downside of Financial Leverage	
11	2/10	<i>Case application</i> – Working at Workouts: Commercial Real Estate Debt in Distress <u>Case response due</u>	KEL697
12	2/11	<i>Lecture 5</i> – Equity Financing and Taxes	
13	2/17	<i>Case application</i> – Wildcat Capital Investors: Real Estate Private Equity <u>Case response due</u>	KEL 553

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| 14 | 2/18 | <i>Case application</i> - Pecan Grove Farms
<u>Case response due</u> | Tuck TC1-0162 |
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Current Trends and Special Topics

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| 15 | 2/24 | <i>Lecture 6</i> – Managing Real Estate within an Operating Business – Financial Strategy | |
| 16 | 2/25 | <i>Case application</i> – Smuggler’s Notch and the Wyndham Dilemma
<u>Case response due</u> | Tuck TC1-0154 |
| 17 | 3/3 | <i>Case application</i> – WeWork: Tech Comes to Commercial Real Estate
<u>Case response due</u> | Columbia CU211-PDF-ENG |
| 18 | 3/4 | <i>Lecture 7</i> – The Impact of the COVID-19 Global Pandemic on Commercial Real Estate | |

Cases, Lecture Notes and Data Files

The cases, lecture notes, and other handouts are posted on Canvas. The Canvas site also contains spreadsheet files (Excel) containing relevant data from case exhibits.

Recommended References

Geltner and Miller, *Commercial Real Estate Analysis and Investment*, Southwestern Publishing, 3rd Edition, 2014.

Ross, Westerfield, Jaffe and Jordan, *Corporate Finance*, 12th Edition, McGraw-Hill Education

Case Assignments

There are eleven case assignments, which consist of questions posted on Canvas.

Case groups. You may work in groups on the cases, with a maximum of four students per group. In the past, groups have been more successful than individuals in preparing the cases, so I strongly urge you to work in groups. Please turn in one response per group. You may group with students in other sections of Real Estate; your case response is then due before the earlier class.

Case responses. The case responses are worth ten points each. For your final grade, I will keep your ten highest scores and drop the lowest score. You can therefore treat one of the eleven submissions as optional. Please upload your answers to Canvas, either as a text-box entry or an uploaded PDF. You may also upload supplementary materials such as a spreadsheet model. The responses are due before class on the day we discuss the case. I will not accept late submissions.

Assignment	Due Date
Case Responses (11)	
Tulaberry Plaza	1/13/21
The Jeffersonville Warehouse	1/14/21
Should I Rent My Condo?	1/21/21
Lovango Cay	1/22/21
STAG Industrial	1/27/21
A Tale of Two Properties	2/3/21
Working at Workouts	2/10/21
Wildcat Capital	2/17/21
Pecan Grove Farms	2/18/21
Smuggler's Notch	2/25/21
WeWork	3/3/21

Class Participation

I expect students to attend class and participate in case discussions. I will assign individual participation grades to reflect students' contributions to class discussions.

Final Exam (Optional)

The final exam is an optional take-home case study to be completed individually. You must complete the exam in order to be considered for an Honors (H) grade for the class. On the last day of class, you will receive a case and an assignment sheet with questions. Upon starting the exam, you will have three hours to analyze the case and submit answers to the assigned questions.

Grading

Your total score for the class will be computed as follows:

Assignment	Points
Case Responses (10) [Drop lowest of 11 scores]	10 each
Class Participation	25
Optional final exam (take-home)	25
Total	150

Re-grades. If you feel that your case or exam has been graded incorrectly, you can submit a re-grade request. All requests must be made in writing within ten working days after the case or exam has been graded and returned. The request should include an explanation of why you think the grading is incorrect. Upon submission of a re-grade request, I will review your entire assignment/exam for errors in

grading. Your final grade will be based on this complete review. Therefore, your grade can either be raised or lowered upon re-grading.

Honor Code

The Tuck honor code strictly applies to all aspects of this course, including class assignments and exams. Exams are to be completed individually. Solutions to previous years' problems should not be used in solving case assignments. The complete honor code can be found on the Office of Student Affairs website. Please ask if there is any uncertainty as to how the honor code applies to this course.

Office Hours

I will hold virtual office hours on Zoom every Tuesday from 1:30 to 3:00 pm. Please do your best to attend office hours if you have questions outside of class. If you are unable to attend, I am available to meet by appointment. Please email me at least one day in advance to schedule a meeting.