

REE 4303 - Real Estate Investment Decision Making

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Class Hours and Locations: Morning, Section 1G04: M/W 5rd and 6th Stuzin Hall Room 104
Afternoon, Section 1364: M/W 9th and 10th Heavener Hall Room 140

Office Hours: T/R 7th-8th or by appointment.

Instructor email: Please send all course-related emails to Dr. Wang at his Warrington email address:

<chongyu.wang@warrington.ufl.edu>
(Do NOT use the email in Canvas)

A note about emails: Because I receive a large volume of emails from various sources, *all student emails to the instructor MUST include "REE 4303 – your subject heading" in the subject line.* This helps me sort emails from students in other classes, as well as other sources.

Students are expected to use professional email etiquette and form, including a proper greeting and salutation. Emails using "text-speak" and other colloquial jargon (e.g. u, ur, 'sup, yo, etc.), as well as inappropriate tone (e.g. rude, disrespectful, abrasive language) will not be responded to.

Allow up to 24 business hours for a response.

Course Prerequisites: Grade of "C" or better in REE 3043.

Please note: All students (without exception) are expected to possess a competent understanding and demonstrated skill with the functional capabilities of a financial calculator, e.g., HP10B-II, HP12-C, HP-17, Texas Instruments "Business Analyst II," or similar financial calculator. The recommended calculator is the **Texas Instruments BA II Plus** which is readily available at local office supply stores (buy extra batteries, "just in case"!) The instructor demonstrates calculations using the **Texas Instruments BA II Plus** financial calculator. However, *IT IS THE STUDENT'S RESPONSIBILITY TO BE FAMILIAR WITH THE FUNCTIONS OF WHICHEVER FINANCIAL CALCULATOR THEY CHOOSE TO USE IN THIS COURSE.* It is also the student's responsibility to ensure the calculator functions properly for all exams. A calculator failure is not a legitimate excuse for extra exam time. (I would highly recommend carrying spare batteries and know how to install them!) Sharing calculators (or anything else, for that matter) is strictly prohibited during exams and will result in dismissal from the exam and receiving a failing grade for that exam for each student involved. Additional violations will result in the student(s) being reported for disciplinary action under the Student Code of Conduct/Academic Honesty Code.

The University of Florida's Student Responsibility Policies will be strictly enforced. Students are expected to know these policies, which are found here: <http://www.registrar.ufl.edu/catalog/policies/students.html>

Laptop Computers: The use of laptops in class is permitted for note-taking and in-class projects and assignments, provided it does not become a distraction to fellow students or the instructor. If the instructor determines a student's use of their laptop or any other electronic device is distracting, the student will be asked to turn off the device. Laptops will be required for in-class assignments and other projects. Laptops must have Excel.

Mac users: You will need to have Excel on your Mac.

Course Description and Objectives: REE 4303 will build on the principles learned in REE 3043. This course will explore real estate investments and the demands, skills and challenges of decision-making for those who make such investments. We will examine valuation and decision making from the perspective of "institutional" investors and market participants (e.g., banks, life insurance companies, investment management firms, pension funds, and real estate private equity funds). At the institutional level, the link between local property markets and the broader capital markets is the most intense and important.

Instructional Means to Accomplish Course Objectives:

- ⊙ The course is lecture-oriented with student questions and participation strongly encouraged.
- ⊙ Course principles are reinforced through the numerous problems available in the text, course readings, and lectures.
- ⊙ Course assignments are intended to reinforce class material and should be worked on independently, unless otherwise specified.
- ⊙ In keeping with the applied nature of the course, many real world issues and "current events" are discussed in class, and well as scheduling guest speakers when available.

Course Overview: There is a large and potentially complex body of material to master in this class. It is essential that you come prepared to each class. This means you need to have completed assigned readings and any related homework *before* class.

Important – What You Should Expect (*and Not Expect*) of Course Lectures: Course lectures are intended to highlight basic themes and to help you understand key concepts and techniques. Due to time constraints and more in-depth coverage of some topics, the lectures may not provide "absolute" coverage of everything that is assigned. However, as with so many things, *you are fully responsible for learning all of the assigned material. Unless you are specifically instructed to the contrary, you MUST assume all material will appear on a quiz or exam.* Items covered in lectures, but not necessarily appearing in the textbook, may also appear on exams. Therefore, anything presented within the purview of this course (textbook readings, assignments, lectures, guest speakers, etc.) is considered "fair game" for test material. Do not make the mistake of thinking only a summary review of the PowerPoint slides will be sufficient to pass this course.

Learning Disabilities and Special Accommodations: Students requesting classroom accommodation must first register with the UF Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then pass this documentation on to Dr. Wang when requesting an accommodation. Students with learning disabilities must provide certification and evidence of registration with the UF Disabilities Resource Center (DRC). Exam accommodations are offered only to those UF students who hand-deliver the sealed certification from the DRC to Dr. Wang *at least two weeks prior to any scheduled exam date.* This advance

notice is necessary in order to ensure timely delivery of the exam materials to the DRC office for administration.

Pacing of the Course: You should pace your course studies so that you are able to stay at least one chapter ahead in the course textbook and related readings, as set out in the Course Coverage Outline below. Doing so is strongly recommended, since the arrangement of course sessions **is flexible and may change**.

Class Meeting Dates and Course Coverage: In our efforts to bring guests to class, respond to current events and integrate the most recent legal and financial information into the classroom learning environment, specific course content presentations may deviate from the Course Coverage Outline. Ample time is allotted for assignment completion, so plan your time accordingly for job interviews, religious holidays, or other demands on your personal time. No late submissions will be penalized as outlined below.

Required Materials:

© Six chapters from *Real Estate Finance and Investments* by William B. Brueggeman and Jeffrey D. Fisher, 15th Edition (McGraw-Hill 2016). These six chapters have been “custom published” by McGraw-Hill and are available for purchase as an *ebook* from McGraw-Hill. The cost is \$20.41. You can locate and purchase the book online by following these steps:

1. Go to <https://create.mheducation.com/shop/>
2. Search for and select book by Title, ISBN, Author, or State/School.
ISBN: 9781307185911.
Title: Real Estate Investment Decision Making
3. Add the book to your cart and pay using a credit card or access code.

For detailed instructions, please read the pdf file on the course Canvas site titled “**Instructions for Ordering Brueggeman and Fisher eBook**” (under “Files”).

© Selected chapters from the Ling/Archer text from REE 3043 (5th Edition).

© A financial calculator that has the standard time value of money functions (present value, future value, annuities, etc.) and that does cash flow analysis (NPV and IRR), such as the Hewlett Packard HP-10BII, Hewlett Packard HP-12C, or similar financial calculator. (The Texas Instruments BA II Plus is recommended.) Text-storing calculators are prohibited.

© A laptop that complies with the requirements of the College of Business as outlined here: http://warrington.ufl.edu/itsp/docs/DMBTC_Computer_Requirements.pdf
You will need Excel and Mac users must read “Mac users” under the “Laptop Computers” paragraph on Page 2 of the syllabus.

© A UF email address and access to a reliable Web browser.

Important Note About email Accounts: Dr. Wang may correspond with the class via email. All emails will be sent to the course ListServ which uses the student’s UF WebMail address. It is the student’s responsibility to check their email account regularly. Failure to regularly check UF WebMail, or the inability to receive the email (if it is forwarded from the student’s UF WebMail to another email account) is NOT a valid excuse for missing class messages or assignments.

“S/U” Grading Option: The “S/U” grading option is not encouraged, nor typically offered. Only under very special circumstances will this be entertained. In any case, Dr. Wang’s prior written approval and special arrangements are required for this option.

Assignments: Assignments are designed to enhance the learning experience and build on the course principles. Assignments are due at the beginning of class, unless otherwise specified. Assignments turned in late will be docked 5% of the total possible points per day starting from the time the assignments were due. For example, an assignment submitted a half-hour after the assignments were collected will be docked 5%. An assignment submitted the following day will be docked 10%, and so on.

Make-Up Exam Policies: **NO MAKE-UPS** are offered for Mid-Term Exams or the Course Final Exam. This policy is part of a concerted and purposeful effort to direct our limited resources and time to supporting course priorities and existing course requirements. In short, there are simply too many variables, issues and resources required to spend time making special arrangements for make-ups. Therefore, the lowest score received on any of the mid-term exams will automatically be dropped and not factored in to the student’s overall course grade. *The final exam is mandatory and does not qualify for the one-drop policy.*

The opportunity to drop the lowest exam (not including the final exam) should be regarded as the student’s relief for an unforeseen “emergency” situation, illness, job interview, etc.

Final Exam Policy: *The final exam is MANDATORY and is NOT eligible as an optional “drop.”*

You should record the final exam date and time in your calendar and ensure that you have no conflicts PRIOR to the end of drop/add. Students who miss the final exam will be issued an “INCOMPLETE” as their course grade. The student must take the final exam of a future REE 4303 course to remove the INCOMPLETE from their permanent record. Only unforeseen, emergency situations such as a hospitalization, sudden and incapacitating illness (documented by a physician) or other serious event that immediately, drastically and directly impacts a student will be considered for alternate exam arrangements.

Exam Protocol: It is the student’s responsibility to be at the appropriate test location on time. No extra time will be given to those who arrive late. Exams are NOT open note/book, therefore, do not bring any materials, books, backpacks, or anything other than an approved financial calculator and two #2 pencils with erasers to the exam location. DO NOT bring cell phones, i-phones, smart phones or any electronic devices into the exam. Programmable calculators or calculators with text storing capabilities are prohibited and will be confiscated. If a proctor sees or hears an unauthorized electronic device (including cell phones) it will be confiscated until the end of the exam. Calculator failure will not result in extra time being offered. Sharing calculators or any other materials is prohibited. Ensure that your calculator is working properly and carry spare batteries just in case! If a student is suspected of cheating, he or she will be removed from the exam site, receive a zero for the exam, and possibly referred for disciplinary action. Students are expected to abide by the UF Honor Code.

Course Grading Scale: This course utilizes a “minus” grading scale as follows:

A	=	90	to	100
A-	=	87	to	89.9999
B+	=	84	to	86.9999
B	=	80	to	83.9999
B-	=	77	to	79.9999
C+	=	74	to	76.9999
C	=	70	to	73.9999
C-	=	67	to	69.9999

D+	=	64	to	66.9999
D	=	60	to	63.9999
F	=	0	to	59.9999

Note: Final Grades are NOT rounded. For example, a final calculated grade of 76.98 will be recorded as a C+.

GRADING RUBRIC AND EXPECTATIONS:

Since there are NO make-ups permitted for Exams, the “drop” allowance for the lowest Mid-Term Exam score will compensate for personal planning demands and personal emergencies. Mark the exam dates in your calendar and *use your drop carefully!*

NOTE: This “drop” policy DOES NOT apply to the mandatory Final Exam!

Extra Credit: As a general rule, this course does not offer “extra credit.”

Mid-Term Exams:

Total Mid-Term Exam Scores (Average of two scores) _____ 50%

See Course Coverage Outline for Mid-Term Exam dates

Attendance/Participation: _____ 10%

Final Exam (Mandatory): _____ 40%

TOTAL: 100%

Should you have issues with your experience in this course that cannot be resolved after reasonable, good-faith efforts with the technical folks, instructor, department, or program office, please visit https://www.dso.ufl.edu/documents/UF_Complaints_policy.pdf to submit a complaint.

Have a great semester!

Tentative Schedule

Below is the expected schedule for our time this semester. It is simply a tentative outline and may change as we progress through the schedule.

Lecture no.	Date	Day	Textbook	Agenda
1	8-Jan	Monday		Introduction
2	10-Jan	Wednesday	L&A: CH 14	TVM Review [†]
	15-Jan	Monday		Martin Luther King Day
3	17-Jan	Wednesday	L&A: CH 15 & 16	Commercial Mortgages [†]
4	22-Jan	Monday	L&A: CH 15 & 16	Commercial Mortgages [†]
5	24-Jan	Wednesday	L&A: CH 17	Organizational Forms
6	29-Jan	Monday	B&F: CH 18	Organizational Forms
7	31-Jan	Wednesday	B&F: CH 18	Organizational Forms
8	5-Feb	Monday	B&F: CH 21	Equity Investors
9	7-Feb	Wednesday	REITs 101	Equity Investors
10	12-Feb	Monday		
11	14-Feb	Wednesday	B&F: CH 19 & 20	Secondary Mortgage Market
12	19-Feb	Monday	B&F: CH 19 & 20	Secondary Mortgage Market
	21-Feb	Wednesday		Review ^{*†}
	26-Feb	Monday		Midterm Exam
13	28-Feb	Wednesday	L&A: CH 18	Investment Decisions ^{*†}
	5-Mar	Monday		Spring break
	7-Mar	Wednesday		Spring break
14	12-Mar	Monday	L&A: CH 19	Investment Decisions ^{*†}
15	14-Mar	Wednesday	L&A: CH 19	Investment Decisions ^{*†}
16	19-Mar	Monday	L&A: CH 20	Taxation ^{*†}
	21-Mar	Wednesday		Review ^{*†}
	26-Mar	Monday		Midterm Exam
17	28-Mar	Wednesday	L&A: CH 22	Leases
18	2-Apr	Monday	L&A: CH 22	Leases
19	4-Apr	Wednesday	L&A: CH 23	Development
20	9-Apr	Monday	B&F: CH 22	Liquid Real Estate
21	11-Apr	Wednesday	B&F: CH 22	Liquid Real Estate
22	16-Apr	Monday	B&F: CH 23	Risk and Return [†]
23	18-Apr	Wednesday		Trends in Real Estate
	23-Apr	Monday		Review ^{*†}
	25-Apr	Wednesday		Final exam
	TBD			Final week

Note:

L&A Real Estate Principles: A Value Approach (5th Edition)

B&F Real Estate Finance and Investments (15th Edition)

[†] Lectures require a financial calculator

* Lectures rely on lecture notes