

*University of Pennsylvania  
The Wharton School*

**REAL 821, REAL 321, & ARCH 768**  
**Real Estate Development**  
*Spring 2008*

**COURSE DESCRIPTION**

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WebCafe: <http://webcafe.wharton.upenn.edu/eRoom/real/821-sp08-1>

**Course Objectives.** Four objectives will drive this course, helping you:

1. Become better decision-makers and real estate industry leaders.
2. Understand and assess the risks in real estate development and investments.
3. Be more productive in your first job.
4. Familiarize yourself with the real estate development process.

**Course Topics.** This course focuses on “ground-up” development as well as re-hab, re-development, and acquisition investments. We will examine the similarities and differences of traditional real estate product types including office, R&D, retail, warehouses, lodging, single family and multi-family residential, mixed use, and land. We will also analyze “specialty” uses like golf courses, resorts, and senior assisted living, and concepts like New Urbanism and timeshares. You will learn the development process from market analysis, site acquisition, zoning, entitlements, approvals, site planning, building design, construction, financing, and leasing to ongoing management and disposition. Special topics - workouts, leadership, and running a development company - will be discussed. Throughout the course, we will focus on risk management. In a business filled with uncertainties, minimizing risk results in maximizing long run profits and net worth accumulation.

**Course Structure.** Cases focused on products – office, industrial, and so forth – are intermixed with lectures and case studies focused on processes – market analysis, site acquisition, and the like. There will be frequent opportunities to review and contrast products and processes over the course of the semester. Expert guest speakers will give you a range of views on key development issues.

In addition to cases and lectures, we will utilize case studies, problem-solving exercises, field trips, student teams, and readings. You should assume that there would be one class held at night to accommodate a guest speaker and that 2 field visits will require private transportation and travel time outside of the normal 3 hour class session. *Students are expected to attend all classes and field visits so please study the syllabus and your other class schedules before committing to this class.*

**Cases.** This course will make heavy use of the case method, maximizing decision-making opportunities for you. You may be called upon to begin a case or to answer questions pertaining to the case at any time. If you are unprepared to discuss a case, you should let me know before the session begins. Being unprepared will adversely affect your class participation grade. Long-windedness and low-value-add comments (a.k.a. BS) will be viewed as worse than not speaking at all. Please bring your name tents to each class. Cases will be available at least one week before class.

**Written Memos and Papers.** You will be required to write as many as 10 memos – an important skill throughout any career. You may also be required to write as many as 2 longer papers. Some assignments will be team efforts.

A few papers will be graded on a Pass/Fail basis, while many will follow an absolute, not curved, grading scale. Final written paper grades will be curved at the end of the term.

Neatness, organization, clarity, grammar, punctuation, spelling, and conciseness will matter and can make a difference of a grade. All papers must be typewritten. You may discuss cases in study groups, but written memos and papers are expected to be individual efforts, unless noted otherwise.

*Deadlines are firm.* Memos and papers are due in my mailbox in the Real Estate Department offices in Steinberg Hall – Dietrich Hall before 10:30 a.m. of the class day when the case will be discussed unless noted otherwise on the assignment sheet. Late papers for any reason are given a grade off if submitted after 10:30 a.m. of the class day but before 3:00 p.m. of the class day. After class begins at 3:00 p.m., a “No Credit” grade will be given. *There will be no exceptions.*

Memos and papers can also be e-mailed to me so long as: 1) the above deadlines are met for the posting time of the e-mail (date/time when you send, not date/time when I receive), and, 2) any excel spreadsheets print ‘automatically’ when I hit the print button on your e-mail message in a user-friendly format. I will only review spreadsheets that print (ie. I won’t dig into the workbooks and print each page separately) and I will not review spreadsheets that require cutting and pasting to read. Make sure they are ‘fit to one page’ in a font that is readable. Please don’t send me something that you wouldn’t feel comfortable sending to the CEO of your future employer.

**Grading.**

- Class Participation 50%
- Papers 50%

**Exams.** There are no exams. There is no final exam.

**Attendance.** You are expected to prepare thoroughly for and attend each class and actively participate. *Punctuality is required.* If you arrive late without my approval, you will be directed to take seats at the front and center of the classroom. If you need leave before the end of class, please let me know before class. Be sure and sign the attendance sheets – if you do not sign in, you will be counted as absent.

**Class Website** address is <http://webcafe.wharton.upenn.edu/eRoom/real/821-sp08-1> . Maritza and I will post any upcoming updates and important information here. Do not count on receiving an e-mail announcing class or assignment changes. Please make it a habit to check the website every day or 2. We will generally post presentations and guest speaker bios for upcoming classes to make note taking more convenient. Cases and readings will also be posted if available in electronic form.

**Required Materials.** You will need a financial calculator that has the ability to compute present value and future values, periodic payments to amortize debt, net present value, and internal rate of return.

**Readings.** The primary textbook Professional Real Estate Development by Peiser should be considered as background information. We will not be following it specifically, but it does cover the areas we'll discuss. Other readings are interesting and helpful, but won't typically be discussed explicitly in class. Note that the reading load – reading list and casework - is “lumpy” so pace yourself.

The initial bulkpack contains additional reading material and the cases required through Spring Break. Subsequent bulkpacks will include handouts and cases required beyond Spring Break. All class reading materials would be charged to your bursar account. As noted earlier, we will post whatever we can on the web site for downloading or review.

**Prerequisites.** Students are responsible for material covered in Real Estate Investments (REAL 721) and Real Estate Law, Financing, and Development (REAL 804). The class will be taught assuming you have mastered these topics.

**Fun & Worthwhile.** Real estate is a fun business and we will endeavor to enjoy ourselves. The fun will come from hard work, intense interaction, and the satisfaction of attaining the next level of learning. It is important that you leave this class feeling that it was well worth the effort and the investment of your valuable time. It is critical that you and your classmates provide great leadership to the real estate industry.