

**REAL 821, REAL 321, & ARCH 768**  
REAL ESTATE DEVELOPMENT – FALL 2011

**COURSE DESCRIPTION**

**PROFESSOR:** Michael Saltzman  
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**OFFICE HOURS:** By appointment only either before or after class  
**WEBCAFE:** <http://webcafe.wharton.upenn.edu/eRoom/real/821-fa11-1>

**COURSE OBJECTIVES**

- Immersion into the range of real estate development types or products;
- Learn how to successfully manage the development process;
- Enhance leadership and decision-making skills by learning how to gather and analyze data, and to draw conclusions for a wide range of real estate development/investment decisions;
- Understand current development trends, how they affect real estate now and into the future and;
- Preparation for a job in real estate development or for interfacing with developers.

**COURSE TOPICS**

Below are lists of topics that will come up over the course of the semester. Some will be covered in detail. If there is a particular subject that interests the class, we may place more emphasis on it or if the class identifies a topic that is not on this list, we can try to work it in.

**Development Types:** Site Development, Ground-Up, Rehabilitation, Redevelopment, Master Development;

**Development Products:** Office, R&D, Retail, Entertainment, Industrial, Hospitality/Resorts, Single, Multi-Family & Affordable Residential, Health Care/Senior, Mixed-Use, Land, Adaptive Reuse;

**Development Process:** Market Analysis, Site Acquisition, Due Diligence, Development Strategy, Zoning, Entitlements, Approvals, Site Planning, Building Design, Pre-Construction, Construction, Equity Financing, Debt Financing, Marketing, Sales & Leasing, Management, Disposition;

**Specialty Topics:** Sustainability, Urban, Suburban Infill, Brownfields, Infrastructure, New Urbanism, Town Centers, Transit Oriented Development(TOD), Green Design,

Public/Private Partnerships, Market Incentives, TIF's, PILOT's, Bonds, SID's, Condo & Homeowners Associations, Work-Outs, International.

**Development Companies:** Development Company Types, Financial Strategies, Financial Sources/Partnerships, Managing a Development Company, Development Company Jobs, Consultants And Lawyers Selection/Management, Public/Government Relations.

**Consultants:** Market Analyst, Architect, Lawyer, Financial Analyst, Surveyor, Civil, Environmental, Geotech Engineers, MEPS Engineers, Green/LEED Design, Traffic, Historic Preservation/Cultural Resources, Contractor, Construction Manager, Client Representative, Advertising, Public Relations, Government Relations, Mortgage Brokers, Accountants, Real Estate Brokers, Title Company, Insurance Brokers.

## **COURSE STRUCTURE**

The overall structure will be as follows:

1. Learn about the development products and processes by reading, listening and participating in class and with guest lecturers who are practitioners in various aspects of the development industry;
2. Research and analyze development precedents, determine macro-economic trends, analyze demographic and market data and gather comparables(comps);
3. Visit under construction and finished developments to reinforce classroom discussion;
4. Most importantly, you are going to do the work of the developer in the form of weekly 'projects', where you will learn how to gather the appropriate information, analyze and propose strategies, assemble a coherent argument and present it for evaluation and discourse.

### **Projects**

Each class week there will be a project to be presented in class the following week in the form of projected presentation, handouts and/or boards. In addition to digital presentations, each individual is required to hand in a printed version at the end of the presentation in 8 ½ x 11 format.

Some of the projects may be in Group format. Groups will be made up of three to five people led by a single Project Manager (PM). The PM will divide the work as well as oversee the production and completion of the presentation.

Immediately following the presentations, each presenter will receive feedback immediately. Projects will be judged on the following criteria:

1. Thoroughness of research;
2. Strength of analysis;
3. Feasibility of proposed strategy;
4. Clarity of presented information;
5. Salesmanship during presentation;
6. Project Management/Leadership.

Neatness, organization, clarity, grammar, punctuation, spelling, and conciseness will matter and can also make a difference in your grade.

Your grade for the course will be based in large part on the strength of your projects (75%). The projects for which you are the PM will be heavily weighted in your grade. The remaining 25% will be based on class participation and one exam.

### Fieldwork

There will be two types of fieldwork. The first will be independent or small group fieldwork, where you will go by yourself to evaluate a site or building or gather information. The second type will be where the entire class visits under construction development sites or finished developments. The specific sites and dates are to be determined.

### Guest Speakers

A wide range of guest “expert” speakers including Developers and Consultants involved in the development industry will speak with the class. These folks are taking their valuable time to speak with you. The expectation is simply that you listen to his or her talk or presentation and prepare questions for the discussion during or after the talk as appropriate, though each student may not get a chance to get his or her question answered. Full list and contact information will be provided.

### Grading

Class Participation/In-Class Exam	25%
Projects	75%

### Exams

There is one in-class 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 to 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-fa11-1>. The Teaching Assistant 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. Projects and readings will also be posted if available in electronic form.

### Readings

The primary textbooks are Professional Real Estate Development by Peiser and Real Estate Finance and Investments by Linneman. They will be used for specific review and for general background information. Where we do not follow it specifically, it does cover the areas we’ll discuss. Other readings will be assigned and provided at least one week before they are covered in class.

### Prerequisites

Students are responsible for material covered in Real Estate Investments (REAL 721) and Real Estate Law (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.

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**COURSE OUTLINE**

- SEPT 7 CLASS 1: MARKET DEFINITION**  
PROCESS: Market Analysis  
PRODUCT: Products Overview  
SPECIAL TOPIC: International Market Trends  
PROJECT: Where in the world am I going to Develop?(in class)
- SEPT 14 CLASS 2: SITE/PROPERTY ACQUISITION**  
PROCESS: Market Analysis, Due Diligence and Negotiations  
PRODUCT: Multi-family residential  
SPECIAL TOPIC: Philadelphia Sub-markets  
PROJECT: Due Diligence Package
- SEPT 21 CLASS 3: DEVELOPMENT STRATEGY**  
PROCESS: Preliminary Plan, Program, Financial Analysis  
PRODUCT: Hotel  
SPECIAL TOPIC: Food & Beverage, Nightlife & Entertainment  
PROJECT: Preliminary Proforma
- SEPT 28 CLASS 4: GUEST PANEL I – SUB / URBAN MIXED-USE**  
PANELIST 1: Brian Stolar, Pinnacle Development  
PANELIST 2: Ron Ladell, Avalon Bay Communities, NJ  
PANELIST 3: Philip Wharton, Avalon Bay Communities, NYC
- OCT 5 CLASS 5: ENTITLEMENTS**  
PROCESS: Zoning, Entitlements & Approvals  
PRODUCT: Retail  
SPECIAL TOPIC: Redevelopment  
PROJECT: Approvals/Zoning Matrix
- OCT 12 CLASS 6: SITE PLANNING/DESIGN**  
PROCESS: Site Planning/Schematic Design  
PRODUCT: Mixed-Use  
SPECIAL TOPIC: Green/Sustainable Design  
PROJECT: Site Plan/Design Board
- OCT 19 CLASS 7: PRE-CONSTRUCTION**  
PROCESS: Consultant Solicitation/Coordination, Design & Eng., Site Development  
PRODUCT: Adaptive-Reuse  
SPECIAL TOPIC: Public/Private Development Partnerships  
PROJECT: Project Schedule with Critical Path

- OCT 26**      **CLASS 8: GUEST PANEL II: NYC HIGH**  
PANELIST 1: John Cetra, Cetra Ruddy Architects  
PANELIST 2: Developer TBD  
PANELIST 3: Contractor TBD
- NOV**      **FIELD TRIP** (Exact date TBD)  
STOP 1: Jersey City, NJ High-Rise Residential  
STOP 2: NYC High-Rise Office  
STOP 3: NYC Market Retail
- NOV 2**      **CLASS 9: FINANCING**  
PROCESS: Equity and Debt Financing  
PRODUCT: Downtown Office  
SPECIAL TOPIC: Market Incentives  
PROJECT: Debt Package
- NOV 9**      **CLASS 10: CONSTRUCTION**  
PROCESS: Construction Management  
PRODUCT: Mixed-use  
SPECIAL TOPIC: Design/Build  
PROJECT: Construction Budget
- NOV 16**      **CLASS 11: MARKETING, LEASING & SALES**  
PROCESS: Marketing Strategy/Campaigns /Closing  
PRODUCT: Town/Lifestyle Centers  
SPECIAL TOPIC: Digital Media  
PROJECT: Marketing Pitch
- NOV 23**      **NO CLASS**
- NOV 30**      **CLASS 12: DEVELOPMENT BUSINESS**  
PROCESS: Business Management, Financial Strategy, Property/Asset Management  
PRODUCT: Skilled Nursing Facility (SNF)  
IN-CLASS EXAM
- DEC 7**      **CLASS 13: GUEST PANEL III: URBAN NEW URBAN**  
PANELIST 1: Joe Bezzone, Normandy Real Estate Partners  
PANELIST 2: Adam Weinstein, Gadsden Development  
PANELIST 3: Jerry Dixon, Gadsden Development