

REAL 821, REAL 321, & ARCH 768

REAL ESTATE DEVELOPMENT – FALL 2012

COURSE DESCRIPTION

PROFESSOR: Michael Saltzman
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**TEACHING
ASSISTANT:** TBD

OFFICE HOURS: By appointment only either before or after class
CANVAS: Log in: <http://wharton.instructure.com/>. Select the course in the "Courses" menu.

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 the final 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

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/Final Exam	25%
Projects	75%

Exams

There is a final exam only.

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

Log in: <http://wharton.instructure.com/>. Select REAL 321/821 & ARCH 768 - Fall 2012 in the "Courses" menu. 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 textbook is Professional Real Estate Development by Peiser and a reference textbook is 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.

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COURSE OUTLINE

- SEPT 5 CLASS 1: MARKET ANALYSIS**
PROCESS: Market Analysis
PRODUCT: Products Overview
SPECIAL TOPIC: International Market Trends
PROJECT: Where in the world am I going to Develop? (in class)
- SEPT 12 CLASS 2: SITE/PROPERTY ACQUISITION**
PROCESS: Market Analysis, Due Diligence & Negotiations
PRODUCT: Multi-family Residential
SPECIAL TOPIC: Philadelphia Sub-markets
PROJECT: Due Diligence Package
- SEPT 19 CLASS 3: DEVELOPMENT STRATEGY**
PROCESS: Preliminary Plan, Program & Financial Analysis
PRODUCT: Hospitality
PROJECT: Preliminary Proforma
- SEPT 26 CLASS 4: ENTITLEMENTS**
PROCESS: Zoning, Entitlements & Approvals
PRODUCT: Retail
SPECIAL TOPIC: Redevelopment
PROJECT: Approvals/Zoning Matrix
- OCT 3 CLASS 6: PROFORMA**
PROCESS: Financial Analysis, Sensitivity
PRODUCT: Mixed-Use
SPECIAL TOPIC: Green/Sustainable Design
PROJECT: Development Proforma
- OCT 10 CLASS 7: GUEST LECTURE – MIXED-USE DEVELOPMENT**
GUESTS TBD
- OCT 17 CLASS 8: DESIGN & 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 24 CLASS 9: FIELD TRIP**
STOP 1: Jersey City, NJ
STOP 2: NYC - Financial District

STOP 3: NYC - Midtown West

- OCT 31 CLASS 10: FINANCING**
PROCESS: Equity and Debt Financing
PRODUCT: Downtown Office
SPECIAL TOPIC: Market Incentives
PROJECT: Debt Offering Package
- NOV 7 CLASS 11: CONSTRUCTION**
PROCESS: Construction Management
PRODUCT: Mixed-use
SPECIAL TOPIC: Design/Build
PROJECT: Construction Budget
- NOV 14 CLASS 12: MARKETING, LEASING & SALES**
PROCESS: Marketing Strategy/Campaigns /Closing
PRODUCT: Town/Lifestyle Centers
SPECIAL TOPIC: Digital Media
PROJECT: Marketing Pitch
- NOV 21 NO CLASS**
- NOV 28 CLASS 13: GUEST LECTURE**
GUESTS TBD
- DEC 5 CLASS 14: DEVELOPMENT BUSINESS**
PROCESS: Business Management, Financial Strategy, Property/Asset Management
PRODUCT: Skilled Nursing Facility (SNF)
EXAM: In class Exam