

UNIVERSITY OF GUELPH
DEPARTMENT OF MARKETING AND CONSUMER STUDIES

MCS*3890 PROPERTY MANAGEMENT

Winter 2010

Lectures: Tuesday/Thursday 2:30 - 3:50, Axel 259

Instructor: Prof. M. Steele, MacKinnon 744, 824-4120, x53964, msteele1@uoguelph.ca

Office hours: Tuesday and Thursday 4:15 to 5:15 pm

Outside set times, set up a time by emailing me, or see me after class. I am usually available except on Wednesday and times when there is a seminar (usually Friday, 3:30 to 5:00).

It is your responsibility to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement, the drop date for this semester, and appeals. Specifically,

- for appeals and drop and add procedures, <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/index.shtml>. Note links on right of this page.
- On academic integrity and plagiarism, see the "Understanding plagiarism" link on <http://www.academicintegrity.uoguelph.ca/integrity.cfm>

For a summary of some of the most important points, visit <http://www.economics.uoguelph.ca/imptnotice.htm>

COURSE OUTLINE

This course deals briefly with asset management by examining the benefits of including real estate as well as the usual financial assets in an investment portfolio and by considering diversification strategies within a real estate portfolio. The main focus of the course is the property management of residential, office, retail, industrial and mixed use properties. The marketing and leasing of real estate space, as well as other management functions will be discussed.

The objectives of the course are:

- a) To examine the role of real estate as part of a complete investment portfolio.
- b) To understand of the role of the property manager in the context of acting as an agent for the owner of the property.
- c) To understand the different management issues that arise in managing and marketing residential, commercial and other properties.
- d) To examine how the role of the property/asset manager is changing.

Students should be familiar with EXCEL (or similar spreadsheet software). It will be used to assess various lease arrangements.

The evaluation scheme yielding your final mark is given in the following table, along with due dates.

Case write-ups (one case, 5 pages; two cases, 1 page each). Approximate dates: Feb. 4, Feb. 25, Mar. 4	15%
Project plan/proposal (due Thursday, Jan. 28 in class (or Jan 29 before 4:30 in my box, Dept of Economics))	5%
Lease negotiation (Thursday, Feb. 11; preparatory session, Tues, Feb 2)	10%
Project (due Thursday, Mar. 25 in class (or Mar. 26 before 4:30 in my box, Dept of Economics)). The project mark will be based on your oral presentation in week 11 or week 12 as well as on your written project.	30%
Final examination (Monday, April 19, 8:30 to 10:30 am)	40%

The final examination must be written at the set time; if you cannot write it at that time you cannot take the course. Your test and examination must be written in ink.

Textbook: Kyle (2005) *Property Management* 7th Edition. Referred to as PM

MCS*3890 PROPERTY MANAGEMENT WINTER 2010

Case/article write-ups You are responsible for preparing *all* cases/articles (on Mainstreet Properties, Riocan annual report, Brookfield Properties) on the reading list for class discussion. Each person:

1. Prepares a 5-page written analysis (probably with charts and tables) of one case to be handed in at the beginning of the class where the case is to be discussed. You must be in class for the discussion of this case *or your grade for the 5-page write-up will be 0*. The write-ups are to be done individually.
2. Prepares a one page report on each case for which you are not doing a full report.

Discuss possible choices/courses of action in each case and comment on the appropriateness of the one chosen; do you think it was optimal? Also, put the case in context by, for example, some discussion of the industry segment in which the firm/REIT is and where appropriate, taxation issues and unitholders/shareholders perspectives.

Case assignments for the 5-page reports will be made after the add/drop period ends.

For the *lease negotiation*, Feb. 11 you will be given a case in which you play the role of the tenant or the lessor. You will negotiate with the other side to come to a leasing arrangement. More details will be given before the day of the negotiations; note the preparatory session Feb. 2.

The *term project* will consist of an application of your knowledge of property management – and real estate more generally to a topic chosen from a list I will give you. Projects are to be done in pairs; under special circumstances you may do one individually. Reports will be about 3,000 to 4,500 words (10 to 15 pages, double-spaced, 12 point font using standard font such as CG Times or Times New Roman, 1” margins) plus tables, charts, appendices and references. I will give you handouts with guidelines on writing the plan/proposal and the report. The plan/proposal with my comments must be submitted with the report. You will present your research to the class at the end of the course. I encourage you to see me to discuss your project both before the plan/proposal is due (i.e. before Jan. 28) and as you are working on the research and report.

The final examination will cover the entire course, including material from the assignments, all reading material, class presentations (including all cases and term projects), guest speakers and issues discussed during the lectures. The format will be discussed toward the end of the course.

TOPICS AND READING LIST

(As the course proceeds reading may change. Note also that dates are subject to change, mainly because of additional possible guest speakers.)

Week 1 Jan 12,14	Introduction to property and asset management; planning; Agency and relations with owners PM Ch. 1, 2 (starting p. 29), 3. Pyhrr, Cooper, et al, <i>Real Estate Investment: Strategy, Analysis, Decisions</i> Chapter 16 (on D2L) Lindholm, A.-L., K. Gibler and K. Levainen “Modelling the value-adding characteristics of real estate to the wealth maximization of the firm”, <i>Journal of Real Estate Research</i> , 28 (4), 445- 475. Online at: http://proquest.umi.com/pqdweb?index=0&did=1177929851&SrchMode=1&sid=2&Fmt=6&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1260912193&clientId=14823
Week 2 Jan 19, 21	Real Estate Portfolios: measuring real estate returns; real estate performance relative to other investment classes; diversification of investment portfolios; Clayton, J., and S. Hamilton, 1999. “Risk and Return in the Canadian Real Estate Market”, <i>Canadian Journal of Administrative Sciences</i> , 16 (2), 132-48. Online at:

MCS*3890 PROPERTY MANAGEMENT WINTER 2010

<http://www3.interscience.wiley.com/cgi-bin/fulltext/121462379/PDFSTART>

- Week 3
Jan 26, 28
Real Estate Marketing/Leasing
PM Ch. 4, 5, 6
(NB: *plan/proposal for project due Jan. 28*)
- Week 4
Feb. 2, 4
Feb 2: class in HAFA 311a to prepare for lease negotiation; bring a disk
Feb 4: *case: application of real estate portfolios analysis: Riocan Annual Report, 2008* (go to www.riocan.com and follow the links). Also, read *Note on Income Trusts* (portion related to REITs) in case packet. *Comment on REITs in general as well as on Riocan's portfolio.*
- Week 5
Feb. 9, 11
Retail Management; PM Ch. 14
Feb. 11 *lease negotiations – no class*
- READING WEEK
- Week 6
Feb 23, 25
Office Building Management; PM Chap. 13.
Feb. 25 *Case: Mainstreet Properties*
- Week 7
Mar 2,4
Industrial Property Management; PM Ch.15
Physical Property Management
Mar.4 *Case: Brookfield Properties*
- Week 8
Mar 9,11
Managing Corporate Real Estate; Rodriguez and Sirmans (1996)
http://business.fullerton.edu/Finance/jrel/papers/pdf/past/1996vol4n1/ReviewArticle13_33.pdf
Maintenance/Security; PM Ch. 8
- Week 9
Mar 16, 18
Management of Multi-unit Rental Residential and Social Housing;
PM Ch.11, 12
- Week 10
Mar 23, 25
Guest speaker: Shelley Marr (tentative).
Renovation.
NB. Projects due on Mar. 25.
- Weeks 11,12
Mar 30,
Apr.1,6,8
Term Project Presentations