

MCS*3890 PROPERTY MANAGEMENT WINTER 2011
UNIVERSITY OF GUELPH
DEPARTMENT OF MARKETING AND CONSUMER STUDIES

Lectures: Tuesday/Thursday 2:30 - 3:50, MACK 116

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 by speaking to me after class and then emailing me to confirm. I am usually available on Monday and on either Wednesday or Friday.

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 important points, visit <http://www.economics.uoguelph.ca/student-responsibilities-policies.asp>

COURSE OUTLINE

This course deals with asset management by examining the benefits of including real estate as well as financial assets in an investment portfolio and by considering diversification strategies within a real estate portfolio. Diversification, taxation rules and other aspects of Real Estate Investment Trusts (REITs) are discussed. However, the main focus of the course is on the management of residential, office, retail, industrial and mixed use properties. The marketing and leasing of real estate space, as well as other management functions are 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 kinds of property.

Student responsibilities

You should be familiar with EXCEL (or similar software). You will use it to assess various lease arrangements in a lease negotiation assignment.

The course will be conducted using lectures, including guest lectures by practitioners, class discussions, a lease negotiation exercise and a project. The lectures will supplement material covered in the readings. To get full benefit from the course it is important that you read the assigned material, attend class and participate fully in the discussions.

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Due dates and evaluation weights*

Project plan/proposal (due Thursday, Jan. 27 in class or Jan 28 before 4:30 in my box, Dept of Economics)	(part of project weight)
Case write-up, 5 pages if “assigned” case, and participation in discussion. Likely dates: Feb. 3, Feb. 17 or Mar. 8 , depending on the case assigned. Write-ups are due at the beginning of class on these days.	10%
Participation (substantial weight is put on one-page case write-ups)	10%
Lease negotiation Thursday, Feb. 10). Preparatory session is Tues, Feb 1; report due Friday, Feb. 11 by 4:30 in my box, Dept. of Economics)	10%
Project (due Thursday, Mar. 24 in class (or Mar. 25 before 4:30 in my box, Dept of Economics)). Mark will be based your plan/proposal and oral presentation in week 11 or week 12 as well as on your written project.	30%
Final examination (Wednesday, April 13, 8:30 to 10:30 am)	40%

***except your final mark will be no more than 45% if you badly fail the final examination (i.e. receive a mark on the final examination of 40% or less)**

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: (1) Kyle (2005) *Property Management* 8th Edition. Referred to as PM
 (2) Coursepack of three cases

Case/article write-ups You are responsible for preparing *all* cases/articles (Mainstreet Properties, Riocan annual report, Brookfield Properties) on the reading list for class discussion. In addition you will prepares a 5-page written analysis (probably with charts and tables appended) of your assigned case and a one-page analysis of the other two cases. These are 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 your assigned case *or your grade for the write-up will be 0*. The write-ups are to be done individually and your grade will reflect your participation in discussion as well as the write-up.

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 unitholder/shareholder perspectives.

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

Lease negotiation and report You and an assigned partner will be given a case in which you play the role of the tenant or the lessor. You and your partner will negotiate with the other side to make a leasing deal and you will submit a report on the process and the result. More details will be given before the day of the negotiations; note the preparatory session Feb. 1.

Term project This will be an application of your knowledge of property and asset management – and real estate more generally – to a topic chosen from a list I will give you. Projects are to be done in pairs (except that under very special circumstances it might be possible for you to do one individually). Reports will be about 3,000 to

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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. 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. 27) and while 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 be added. *Dates may also change, partly because of the changes in dates for speakers.* Some topics may be dropped because of time pressure.)

- Week 1
Jan 11,13 Introduction to property and asset management; planning; agency and relations with owners
PM Ch. 1, 2 (starting p. 29), 3.
Sirmans and Sirmans (1992) *Journal of Property Management*
(You can access this by pasting the URL below into your browser, or better still, try finding it yourself on the library website
<http://proquest.umi.com.subzero.lib.uoguelph.ca/pqdweb?index=0&sid=2&srchmode=1&vinst=PROD&fmt=6&startpage=-1&clientid=14823&vname=PQD&RQT=309&did=588189&scaling=FULL&ts=1263159867&vtype=PQD&rqt=309&TS=1263159883&clientId=14823>)
Lindholm, A.-L., K. Gibler and K. Levainen "Modelling the value-adding characteristics of real estate to the wealth maximization of the firm", *Journal of Real Estate Research*, 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&clientd=14823>
- Week 2
Jan 18, 20 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", *Canadian Journal of Administrative Sciences*, 16 (2), 132-48. Online at:
<http://www3.interscience.wiley.com/cgi-bin/fulltext/121462379/PDFSTART>
- Week 3
Jan 25, 27 Real Estate Marketing/Leasing
PM Ch. 4, 5, 6
(NB: plan/proposal for project due Jan. 27)
- Week 4
Feb. 1, 3 Feb 1: class in MACS 311a to prepare for lease negotiation; bring your laptop.
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. 8, 10 Retail Management; PM Ch. 14
Feb. 10 *lease negotiations – no class*
- Week 6
Office Building Management; PM Chap. 13.

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Feb 15, 17

Feb. 17 *Case: Mainstreet Properties*

READING WEEK

Week 7
Mar 1,3

Industrial Property Management; PM Ch.15. Physical Property Management, Maintenance/Security; PM Ch. 8. Rodriguez and Sirmans (1996)

<http://business.fullerton.edu/Finance/jrel/papers/pdf/past/1996vol4n1/ReviewArticle1333.pdf>

Mar.3. Guest speaker: Dave Macdonald, Industrial property manager, ING Real Estate.

Week 8
Mar 8, 10

Mar 8. *Case; Brookfield Properties*

Mar.10. Guest speaker Ian Carter, strategist, Cadan Incorporated.

Week 9
Mar 15, 17

Mar 15. Management of Multi-unit Rental Residential; PM Ch.11, 12

Mar. 17: Guest speaker (tentative): Brad Butt, President, Greater Toronto Apartment Association

Week 10
Mar 22, 24

Mar. 22 Management of Multi-unit Rental Residential (cont'd)

Mar. 24: Guest speaker (tentative): Shelley Marr, Abacus Real Estate Investments

NB. Projects due on Mar. 24 or in Dept of Economics, by 4:30, Mar 25.

Weeks 11,12
Mar 29,31
Apr.5,7

Term Project Presentations