



Department of Marketing and Consumer Studies
REAL*4830
REAL ESTATE DEVELOPMENT PROJECT
Winter 2018

Instructor(s): Jane Londerville
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Office Hours: By appointment

Class Times and Location: **Tuesdays & Thursdays, 4:00 – 5:20 pm, MCLN 107**
Thursdays, 7:00 – 9:50 pm, MACS 121

Prerequisites: Successful completion of at least 15.00 credits including REAL*3810, REAL*4820.

Course Description and Objectives:

This is a capstone course covering the real estate development process and bringing together concepts from all other Real Estate and Housing courses. It deals with the development, redevelopment and renewal of real estate and housing services. Students will complete a phased project that considers all aspects of development feasibility including market analysis, physical constraints, financial viability and government regulation.

It represents two full classes: Real Estate Development and Project. Early in the semester, the course deals with the development, redevelopment, and renewal of real estate services, from the project idea to the property management stage. Aspects considered include site selection, design, market analysis, financial feasibility, construction, project management, and marketing. Developments are evaluated from economic, social, political, and environmental perspectives. During the latter part of the course, the students will complete a project that addresses an issue in the real estate sector, applying the sum of their knowledge garnered during their undergraduate studies in real estate and business. Focus will be given to:

1. Integrating and applying the content learned in the real estate courses within the REH program.
2. Developing an understanding of the context (financial, market, and governmental) within which real estate development and redevelopment decisions take place.
3. Identifying the commercial, residential, and governmental players in real estate development and their roles and interrelations.
4. Developing an understanding of what is expected of a developer, emphasizing professionalism, creative thinking, and problem solving.
5. Strengthening professional communication skills, including business writing and idea pitching.

The course will use a combination of lectures, site tours, guest lectures, and student group projects and

presentations. To get full benefit from the course it is important that you read the assigned material, attend class, and participate fully in the discussions and assignments. The structure of this course requires significant individual study and preparation outside of class, and creative problem solving. Therefore, **thorough and consistent preparation and participation are necessary to succeed in this class.** The course has a **double weighting and you should be spending twice as much time on this course as the others you are taking.**

Course Materials and Resources:

This course uses a variety of materials and resources, including a case packet available at the bookstore. One of your primary resources will be the course website (<http://courselink.uoguelph.ca>). All announcements, required and recommended readings, assignments and updates will be posted here. Check this site often.

Textbooks in the library:

1. Real Estate Development: principles and process Authors: Miles, Mike E., Berens, Gayle; Weiss, Marc A. (Marc Allan); Urban Land Institute
2. Real estate development and investment : a comprehensive approach, Stephen P. Peca
3. Professional real estate development : the ULI guide to the business, Peiser, Richard B., Frej, Ann Baggerman.; Urban Land Institute.

Case Packet – available at the University of Guelph Bookstore; first case due early so pick this up now.

Method and Timing of Evaluation:

All assignments are due in Dropbox on Courselink except Phases I and II of the project which must be submitted in hard copy. Work is not accepted after it has been discussed in class. I will evaluate the last submitted version of each assignment, so make sure to coordinate submission with your team. Performance will be evaluated based on the following:

| Graded Item | Weight | Due Date |
|-------------------------------|---------------|----------------------|
| Homework | 10% | Ongoing |
| Cricket Rd Case | 5% | Jan 18 th |
| Bayside Case | 5% | Feb 15 th |
| Millegan Case | 5% | Mar 8 nd |
| Peer Evaluation/Participation | required | Apr 6 th |
| Midterm Exam | 25% | |
| Project: | | |
| Proposal | 5% | Feb 26 th |
| Phase I | 15% | Mar 12 th |
| Spreadsheet Analysis | 5% | Mar 19 th |
| Presentation | 5% | Mar 22 nd |
| Phase II | 20% | Apr 6 th |

Groups

This course’s workload is substantially group based, similar to the working world. You will form a group of 4 or 5 people in the first week of class, and these will be your teammates for all group graded assignments the entire term. If you have not selected your group after the first week, I will form groups for you.

Team members are all expected to carry their weight throughout the term. A team may fire a member,

but the decision must be unanimous within the team (excluding the person in question); you must present your case to me for firing before you do this. If you elect to fire a team member, you will not have that person replaced (unless you elect to add a different, fired team member). If YOU have been fired, you will need to find another team to hire you, or you will have to complete all of the work alone. **Put your group number on ALL submissions.**

Cases and Homework

Three Cases and four Homework assignments will be completed in your groups over the first part of the course. Thoughtfulness, accuracy, and writing quality will be considered in each assignment's evaluation.

Project

Guidelines for the term project are attached to this outline. Please read these carefully before writing your report. You will want to start organizing the project early in the term.

Course Philosophy and Approach:

This course is split into two parts, representing the content of the (2) 0.5-credit courses merged to form this 1.0-credit course (Real Estate Development, Capstone Project). The merging of the courses serves to ensure alignment of the content of the courses, and in no way indicates a decrease in the total workload.

The first portion of the course focuses on development and redevelopment concepts and approaches, and includes guest speakers and site visits. The latter part of the semester is dedicated to private group meetings with the professor in her office to advance Project work. The last portion of class is dedicated to student presentations. Students are expected to attend presentations, allowing everyone exposure to real life applications of development content.

Course Schedule and Key Dates:

| Week/Dates | Class Material | Assigned | Assignments Due |
|---|---|---|---|
| Week 1: 1/9 & 1/11 | Syllabus Review; RED Intro; Development Process; The Idea | Cricket Rd Case; H&BU HW | Form Teams |
| Week 2: 1/16 & 1/18 | Market Analysis; Data Sources; Cricket Rd Review | Emerging Trends HW | Cricket Rd Case (7pm, 1/18) |
| Week 3: 1/23 & 1/25 | Leasing; Legally & Physically Feasible | Bayside Case; Zoning HW | H&BU HW (4pm, 1/23) Emerging Trends HW (7pm, 1/25) |
| Week 4: 1/30 & 2/1 | Guest Speaker; Financially Feasible | FDBD HW | Zoning HW (7pm, 2/1) |
| Week 5: 2/6 & 2/8 | Financing; Skyline Tour (Thurs 4-10pm) tentative | | FDBD HW (4pm, 2/6) |
| Week 6: 2/13 & 2/15 | Financing; Bayside Review | Millegan Case | Bayside Case (7pm, 2/15) |
| Reading Week: 2/21 & 2/23 (No Classes) | | | Proposal (11:59, 2/26) |
| Week 7: 2/27 & 3/1 | Underwriting; Millegan Review | | Millegan Case (7pm, 3/1) |
| Week 8 | Group Meetings: Review Phase I | Phase I (4:00 PM hard copy MINS 205), 3/5 | |
| | Midterm | 3/8 7 PM | |
| Week 9 | Group Meetings: Review Spreadsheets | | Spreadsheets (11:59pm, 3/15) |
| Week 10: | Presentations | | Presentations (3/22) |

| | | |
|------------------|-------------------------------------|--|
| 3/22 ONLY | | |
| Week 11 | Group Meetings: Review Presentation | |
| Week 12 | No Class or Meetings | Phase II hard copy in MINS 205, Peer Evaluations and final spreadsheets in Dropbox (4:00pm, 4/6) |

Note: The schedule of learning activities may require modification from time to time.
Any changes will be announced in class and/or on the Courselink site.

Course Evaluation:

Course and instructor evaluation for the course will be handled either via a separate Courselink site or in class during the final two weeks of the term.

Syllabus Modifications:

The instructor reserves the right to modify the course syllabus. Such modifications will be announced in class before implementation.

Policies and Regulations

All students are expected to abide by the University's academic regulations in the completion of their academic work, as set out in the [undergraduate calendar](#). Some regulations are highlighted below:

- 1. Academic Misconduct:** The University of Guelph is committed to upholding the highest standards of academic integrity and directs all members of the University community – faculty, staff and students – to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring. The University of Guelph takes a serious view of academic misconduct and it is your responsibility as a student to be aware of and to abide by the University's policy. Included in the definition of academic misconduct are such activities as cheating on examinations, plagiarism, misrepresentation, and submitting the same material in two different courses without written permission.
- 2. Academic Consideration:** Students who find themselves unable to meet course requirements by the deadline or criteria expected because of medical, psychological or compassionate circumstances beyond their control, should review the regulations on Academic Consideration in the Undergraduate Calendar and discuss their situation with the instructor, Program Counsellor or Academic Advisor as appropriate.
- 3. Students with Disabilities:** If you are registered with the Centre for Students with Disabilities and will require some form of accommodation in the completion of the required learning activities for this course, please meet with me during the first week of classes.
- 4. Religious Holidays:** Should a student need to miss scheduled tests, mid-term examinations, final examinations, or requirements to attend classes and participate in laboratories for religious reasons, please advise the instructor within two weeks of the distribution of this course outline so that alternate arrangements can be made.
- 5. University Grading Scheme:** This course follows the University grading scheme outlined in the Undergraduate Calendar.
- 6. Appeals and Drop/Add Procedures:** This course follows the University's standard procedures regarding appeals as well as dropping or adding a course. The details of these procedures may be found in the Undergraduate Calendar.

Assignments:

Cases and Homework

There are four Homework assignments and three Cases during the first part of this course. All assignments are to be completed within your groups. Specific instructions for each Case and Homework are available on Courselink. All completed work must be submitted through the Dropbox on Courselink, and each assignment is due at the beginning of class on its respective due date.

These assignments provide practice opportunities for the tools needed to complete the Project. While group work often leads to “specialization” of group members –some focusing on market analysis and others on financial analysis – it is suggested that the group members take turns with the different types of analysis in the assignments (i.e. – the person that completes the financial analysis on the Project should not be the person that completes all the financial analysis on the Homework). Financial skills are needed by everyone working in (most) real estate positions. Don’t miss this opportunity to develop your marketable skills with these assignments. Furthermore, the Peer Evaluation requires each person to identify how much of the financial analysis each group member completed.

Project

This is a major research project designed to integrate material from upper year real estate courses in a cohesive manner. It is expected that you will include both library research and field research in the completion of this project. The project will take the form of your group convincing an investor to develop a property as you propose. Each group will develop their own concept of how to best (re)develop the site and propose their concept through an in-class presentation and a written document. Details about the subject property will be released on at a to-be-determined date around the beginning of February.

URECC: The project will dovetail with the Undergraduate Real Estate Case Competition, sponsored by the REHSA. Based on the work completed in the Proposal, Phase I report, and the Spreadsheet Analysis, the top team will be identified. This team will represent the University of Guelph at the 2018 URECC in Toronto on March 26th. Participation in the competition for the URECC spots is optional, and your group will need to identify their interest in pursuing this early in the semester.

Groups. You will work in groups of 4-5 on this project, and on all assignments in this course, except the midterm. You have the right to fire a group member, based on a unanimous vote (see **Method and Timing of Evaluation**). You are responsible for managing the relationships in your group. Each person will complete a thorough peer review of their group members at the end of the semester. Your team must create a group contract early in the semester to highlight expectations of group members. Firing of a group member must be based on breaking the team rules laid out in the contract.

Proposal. The Proposal document should state what you anticipate building on the site (at least in terms of property type – condo, office, etc.), the current zoning, zoning changes required, what is allowed to be built given current or proposed zoning (size of building or number of units or both), number of parking spaces required and a full property description with maps. You should include an extensive bibliography of material you plan to read for the project as well as a list of contacts you expect to interview/contact for information.

Phase I. The Phase I Report will analyze the market potential for your proposed product in that market and on that site (and would include a revised project initiation document at the beginning). Your conclusion from Phase I will include how strong the market is for your product, how fast you can sell/rent your product, and at what price – i.e. we think we can sell 50 units over a 12 month period at a price of \$250,000 per unit.

Spreadsheet Analysis. Between Phase I and Phase II you will develop a Spreadsheet Analysis to examine the financial feasibility of your development. This will include all financial projections regarding cost to construction, leasing and sale of units, and operation and/or reversion of the property.

Presentation. You will present your Project as an in-class 10 to 12-minute Presentation. The Presentation is directed toward the investor, and should **sell** them on why the company should pursue your proposed development. To successfully accomplish this, you will need to address the market, expected return and the related risk, and how the project fits into the developer's profile.

Phase II. This final, self-contained document will include financial feasibility of the development, financing options and an overall conclusion as to the feasibility of the development, as well as revised a Proposal and Phase I report. The Phase II report, due near the end of the semester, will include a revised version of the Proposal, Phase I, and Spreadsheet Analysis, as well as additional research sections.

Group Meetings: Groups will be graded on the content and quality of the group meetings with the professor (in Participation). Each group is expected to come prepared with information on the work that has been completed since the previous meeting, questions they have, and other related topics they wish to

discuss. If you elect to pursue URECC, the amount of feedback and guidance you receive from the professor will be highly limited. If a group elects to not pursue URECC, or once a group has been eliminated from the competition, feedback from the professor will be available. Feedback from the professor on all aspects of the project will be made available as soon as a group is eliminated from the competition (or after the competition, for any URECC teams), at the latest one week prior to the Phase II deadline.

You are strongly encouraged to work throughout the semester on the Project (particularly in weeks where no class is scheduled) and to discuss any problems you are having with the Professor well before the end of the semester. Part of your grade for the Phase I and II reports will be based on the quality of these team discussions with the Professor. Do not wait to start compiling information and analysis for a section until just before that section is due – successful projects usually show students working ahead (collecting construction data during the Phase I writeup, etc.).

Submission Requirements: The Proposal should be as long as needed, but no less than two pages, double spaced, with regular margins. The Phase I report is expected to be between 15 and 25 pages, double spaced, with regular margins; the Phase II report should be between 25 and 35 pages (including the revised Phase I report). All page lengths are based on text only, excluding visuals. You may have some large tables and other data in appendices but generally maps, etc. should be embedded the body of the report, labelled, sourced and referenced in the related text.

Strong reports share a few key characteristics:

- 1) They are well written and well edited.
- 2) They employ visuals in an extensive and effective manner that helps add clarity to a story and makes the proposed development see more realistic.
- 3) They are analytical and creative, effectively evaluating the data collected and finding a unique and effective development answer to the local market scenario. They tell a story in a cohesive and logical manner.
- 4) All sources of information are attributed and all tables and charts are carefully labelled.

The following table shows the components for each stage of the project. Do not include components that are not checked in earlier phases of the report (e.g. the cover letter should only be included with the final report).

| Report component (in order of final table of contents) | Proposal | Phase I | Phase II |
|--|----------|-------------|-------------|
| Cover letter to property owner: (NOT to me; write your report to this property owner – include your conclusions about the proposed development). | | | ✓ |
| Executive summary: 1-2 pages describing the property, proposed development, market situation and conclusions, financial feasibility, recommendation; should be sufficiently detailed for your client to get a full picture of the proposed development and should be a summary of your conclusions (NOT what you did). | | | ✓ |
| Table of Contents | | | ✓ |
| Introduction: Brief description of proposed development, Property description, maps, pictures, site constraints. Zoning: Current, proposed and likelihood of changes; what is allowed to be built (size, number of units, height etc.) given current or proposed zoning. Number of parking spaces required. | ✓ ✓ | ✓ ✓ | ✓ ✓ |
| Economic analysis summary: What is the economic outlook in general for the region and for the site’s neighborhood and market? Market Analysis: Demand and supply for the proposed use in the locale in general and specifically for your site. Conclusion about Market: How fast can units be sold or leased, and at what price/rent. | | ✓ ✓ ✓ | ✓ ✓ ✓ |
| Proposed Development: Size of building, design features, layout, expected cost; Google Sketch-up or other drawing of building. | | | ✓ |
| Financial Feasibility: Projected cashflows including all inflows and outflows for the development and stabilization or sales period, return analysis. Sensitivity Analysis: Examinations of other possible scenarios and how the proposed project would fare. | | | ✓ ✓ |
| Conclusion: Suggested land purchase price, with respect given to return and the investor’s profile. | | | ✓ |
| Bibliography: Will get longer as report progresses. | ✓ | ✓ | ✓ |