Overview & Objectives

Prerequisites
Finance 431; or Finance 325 and 327

Course Description
The title for this course could be, “How Things Get Built.” The process for developing real estate would seem to be somewhat linear: Market Analysis → Feasibility → Land Acquisition → Entitlements → Site Design / Construction → Building Design / Construction → Marketing / Sales or Leasing. But that is where the simplicity ends. Each stage requires refinements of previous stages. Each is highly detailed, time-consuming, full of pitfalls, and (therefore) rife with profit potential.

Course Objective
This course should provide students with sufficient understanding of the development process for them to fit in at an entry-level position in the industry.

Course Learning Outcomes
Upon successful completion of this course, students will be able to
1. Describe past real estate downturns, their causes, their lessons, and why oversupply seems to recur despite those lessons.
2. Describe the phases of real estate development, the roles of people involved in each, the tools they have at their disposal, the challenges and risks associated with each phase, and the opportunities to add value each step of the way.
3. Critically analyze real estate market data and others’ interpretations of that data.
4. Perform feasibility analysis, both at the market and project level.
5. Plan a development, including elements for product selection, financing, feasibility, revenue, and design.
6. Confront the challenges facing developers in the 21st century, including sustainable design and growth, demographic shifts, and technological advances.
Bachelor of Science in Business Administration Program Goals
SDSU business graduates are expected to be:

- Effective communicators
- Critical thinkers
- Able to analyze ethical problems
- Global in their perspective
- Knowledgeable about the essentials of business

Readings

Primary Textbook


Secondary Readings

Other readings will be on Blackboard.

*Note: All readings are required.* All readings have been carefully selected. Even if you don't end up working in real estate, you will encounter the industry in some fashion. Make an investment!

Assignments

Homework

In addition to weekly readings, students – *working as individuals* – will complete the following homework assignments. The length of the written response will vary, *but should be long enough to do justice to the topic.* Unless specified otherwise, aim for 500 words. The absolute minimum is 450 words; maximum is 600. Yes, the quality of writing counts. William Zinsser said (wrote?) “Writing is thinking on paper.” Good writing shows clarity of thought. See text boxes for time budgets.

1. **Reading Responses (RR) (8 points each). Due Periodically.** Answer six prompts, spread across the semester. Five are writing assignments; one is a spreadsheet. See Blackboard for prompts and rubrics. *(Each RR: 2.5 hrs (+ reading).)*

2. **Discussion Starter (10 points). (Due dates by last name, reverse alpha order)**
   a. **Find a recent article on a real estate topic** – published in the popular press, trade journal, or scholarly journal – that can be a jumping-off point for a stimulating class discussion. The biggest error students make on this assignment is grabbing whatever story is handy at the last minute. Read multiple articles!
   b. **Write a response/reaction/extension to the article** – *not a summary of it.* Your response may be a criticism, reflection, value statement, policy statement, or simply a connection to knowledge obtained in another course. *(Discussion Starter: 4.5 hours.)* If you choose the latter, you need not limit yourself to real estate, finance, economics, or even business classes. Developers are citizens too, and must understand and relate to society in all its manifestations in order to serve all niches of the market.
c. **Connection to BSBA Program Goals.** Explicitly identify one BSBA program goal – other than being an effective communicator – and indicate how your paper provides some evidence of competency in that goal.

d. **Write an overarching question that will launch our group discussion.** This is an essential part of the assignment. Answer the question in your written response.

e. **Include a copy of the source document.** Mark key sections of the source document to focus the audience’s attention. (Your copy will be put on the screen for the audience to read those key sections.) You may be asked to present the article, point out the key sections, and set up the discussion by asking your question. Save your opinions for the discussion. Note: we will not get to everyone’s article, but be ready!

2. **Public Meeting Notes (12 points). Due late in the semester (check schedule).** Attend one public meeting, for a minimum of one hour, where a proposed development is discussed. To qualify as a proposed development, a project must call for new construction and a change in use or increase in density. Meeting examples include city council, planning commission, and local planning-group meetings. Select one member of the body or public who speaks in opposition to the project. Try to genuinely understand his/her objections. These are real people with real (at least to them) concerns. Developers must understand, even empathize with, their public partners in order to get projects approved. (Note: You can view some meetings on television or on the web. I encourage a personal visit, because no camera can capture the environment, but I understand if you want to take the electronic route.)

   a. **Provide** *(Public Meeting Notes: 6 hours)*
      i. the name of the governing body/organization
      ii. location, date of meeting, and times you arrived and left
      iii. the speaker’s name

   b. **Describe**
      i. the project
      ii. the person’s objection(s)
      iii. the developer’s response (if applicable)
      iv. the outcome of the agenda item (if you have the patience to stay that long)

   c. Use an informal narrative style that puts me in the room with you, not something that looks like it could appear in the morning paper.

**Development Project (75 points)**

In groups of four or five students, create a development plan for a hypothetical project in San Diego County. This project will require a combination of phone work, Internet research, field inspections, word processing, spreadsheets, and a presentation. Please see separate instructions posted on Blackboard over the course of the semester as assignments, known as milestones, become due.

The following policies should ensure that each group member does his/her fair share:

1. Groups may expel a member by majority vote at any time up to 48 hours after Development Milestone #2 is due. That member is then free to join with any other expelled members or complete the development project on his/her own.

2. Groups may elect to have me allocate the points they earn in the final presentation and pro-forma revisions among their members. In other words, if a four-person group earns 25 points for their presentation, there are 100 total points available. The default arrangement is for each person to get 25 points. But if I receive emails from at least half the members of a group that
they want asymmetrical grades assigned, I will do so. I must have the emails within 48 hours of my sending the group their score on the pro-forma revisions (an event that follows the presentation by up to a week). I will then notify the group of their collective intent to have points allocated. Each member must then send me a description, not to exceed one page, of what each person (including themselves) did to contribute to the project. While the presentation and pro-forma revision points are the only ones at stake, descriptions of contributions should include the entire scope of the project. Those descriptions will be due by midnight Saturday after the final exam.

**Assignment Submission**

Most homework is to be submitted electronically. But for the Discussion Starter, please bring the articles and overarching questions in hard-copy form on your presentation night. This saves time over accessing them electronically. **Turn them in whether we get to your article or not.** Submit the write-up to Blackboard as you would any other individual assignment.

**Grading and Academic Policies**

**Table 1 - Grade Components, Points, and Weight**

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homework</td>
<td>70</td>
<td>23.33%</td>
</tr>
<tr>
<td>Development Project</td>
<td>75</td>
<td>25.00%</td>
</tr>
<tr>
<td>Participation</td>
<td>20</td>
<td>6.67%</td>
</tr>
<tr>
<td>Attendance</td>
<td>15</td>
<td>5.00%</td>
</tr>
<tr>
<td>Survey</td>
<td>2</td>
<td>0.67%</td>
</tr>
<tr>
<td>Tests (3)</td>
<td>118</td>
<td>39.33%</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100.00%</td>
</tr>
<tr>
<td>Extra Credit (thank guest)</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**Table 2 - Grade Breaks as Points, Percentages, and Letter Grades**

<table>
<thead>
<tr>
<th>Points Earned (At least...)</th>
<th>Percentage of Possible</th>
<th>Letter Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>279</td>
<td>93%</td>
<td>A</td>
</tr>
<tr>
<td>270</td>
<td>90%</td>
<td>A-</td>
</tr>
<tr>
<td>261</td>
<td>87%</td>
<td>B+</td>
</tr>
<tr>
<td>249</td>
<td>83%</td>
<td>B</td>
</tr>
<tr>
<td>240</td>
<td>80%</td>
<td>B-</td>
</tr>
<tr>
<td>231</td>
<td>77%</td>
<td>C+</td>
</tr>
<tr>
<td>219</td>
<td>73%</td>
<td>C</td>
</tr>
<tr>
<td>210</td>
<td>70%</td>
<td>C-</td>
</tr>
<tr>
<td>201</td>
<td>67%</td>
<td>D+</td>
</tr>
<tr>
<td>189</td>
<td>63%</td>
<td>D</td>
</tr>
<tr>
<td>180</td>
<td>60%</td>
<td>D-</td>
</tr>
</tbody>
</table>

The following is from the Department of Finance Grading Policy. 
*Undergraduate grades shall be: A, outstanding achievement; B, praiseworthy performance; C, satisfactory performance; D, minimally passing and F, failing.*

The grade for average undergraduate achievement shall be C.

**Late Fee**

One-point penalty for late Reading Responses, Public Meeting Notes, and Development Project Milestones, all of which may be no more than one week late. I will not accept late submissions of Discussion Starters. There is no second chance for the Development Project presentation.
Grade Posting
I will endeavor to post grades from assignments and tests within a week of completion. However, the Discussion Starter and Public Meeting Notes assignments will be graded near the end of the semester regardless of when they are done. That makes for more calibrated and fairer grading.

Attendance Policy
You are allowed to miss one class without penalty. Each additional absence will cost you three points, which is equal to 1.0% of your grade.

Cheating and Plagiarism Policy
Remember that plagiarism includes un-attributed use of ideas, not just words. I am not concerned about citation format. Just give credit where credit is due. Absent attribution, I have to conclude that you are claiming others’ work as your own. Also, submitting work you did for one class to another class is considered academic dishonesty. The consequence for these violations is a failing grade on that assignment. If the offense is serious enough, it may result in your failing the class. See the University’s Standards for Student Conduct, click here.

Privacy Rights and Student Work Retention
Your grades are confidential. Nevertheless, exemplary work can help other students improve theirs. I may ask you to sign a waiver to allow me to share outstanding examples with the class. Agreement is absolutely voluntary, and the works will be displayed without divulging the author’s name.

I intend to retain copies of student work to support consistent grading, assist future students in understanding assignments, aid other faculty members in creation of curriculum, promote San Diego State’s real estate program, and facilitate my growth as an instructor.

Enrichment Option
Real estate development does not happen in a classroom. It happens out there. The passionate real estate student observes it, questions it, compares it, criticizes it, and admires it. Ideally, we would do it as a class. But a variety of constraints make field trips during class time impractical. Nevertheless, I have two ways to get you some exposure to the world developing around you. One, a group project, will be discussed later.

The other is a voluntary construction-site visit. By voluntary, I mean there will be no impact on your grade for going or not. But there is no substitute for seeing construction in person, so if you can spare the time, I encourage you to make it.

You will be asked to sign a paper releasing the university and its representatives from liability in connection with these excursions. I encourage carpooling, but I am not responsible for the conduct of those with whom you choose to ride. If you do accept a ride, kick in some money for gas.

Requirements:
- Signed release submitted on or before evening of class preceding site visit.
## Schedule

### Table 3 - Meeting, Date, Theme, and Work Due

<table>
<thead>
<tr>
<th>Mtg</th>
<th>Date</th>
<th>Class Theme</th>
<th>Work due by 7:00 pm of that date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1/26</td>
<td><strong>Syllabus, Procedures, Profiles; What is Real Estate Development?; Playuz</strong></td>
<td>Unless pre-qualified, send proof of pre-requisite(s) having been satisfied or commit to concurrent enrollment in Fin 431. Miles: Ch. 1: pp. 29-30, then 1st § of each section in Ch. 3</td>
</tr>
<tr>
<td>2</td>
<td>2/2</td>
<td><strong>Here We Go Again: Booms &amp; Busts in R.E. History; Wheel of Fortune: Markets, Cycles, &amp; Phases; Development Project Kickoff</strong></td>
<td>RR #1 – Booms &amp; Busts: The Recurrence of Oversupply (applies to Course Learning Outcome 1) Discussion Starter: Last names W - Z Miles: pp. 49-51; p. 58 “Transportation Advances” through end of Ch. 4; pp. 67-69 and 76 thru end of Ch. 5; Ch. 6</td>
</tr>
<tr>
<td>3G</td>
<td>2/9</td>
<td><strong>Project Feasibility: The Four Perspectives; Valuation Review</strong></td>
<td>RR #2 – The Development Process: Early Stages (CLO 2) Discussion Starter: Last names S - V Reading – see Blackboard</td>
</tr>
<tr>
<td>4G</td>
<td>2/16</td>
<td><strong>Excel Workshop</strong></td>
<td>Development Milestone #1: Product Options (CLO 2 &amp; 5) Whatever you need to read or do to brush up on Excel Research any unknown words in Vocab List for Test 1</td>
</tr>
<tr>
<td>5T</td>
<td>2/23</td>
<td><strong>Land Acquisition</strong></td>
<td>RR #3 – Excel Model Facsimile (CLO 4 &amp; 5) Development Milestone #2 – Part A (CLO 2 &amp; 5) Discussion Starter: Last names P – R Reading – see Blackboard</td>
</tr>
<tr>
<td>6G</td>
<td>3/1</td>
<td><strong>Like It or Not, the Government is Your Partner: Entitlements and Other Legal Aspects</strong></td>
<td>Development Milestone #2 – Part B (CLO 2 &amp; 5) Discussion Starter: Last names M – O Reading – see Blackboard</td>
</tr>
<tr>
<td>7G</td>
<td>3/8</td>
<td><strong>It’s Not Just Who You Know, It’s How Much Money They Have: Debt and Equity Financing</strong></td>
<td>Discussion Starter: Last names J – L Reading – see Blackboard</td>
</tr>
<tr>
<td>8G</td>
<td>3/15</td>
<td><strong>Utilities and Other Necessities: Land Development</strong></td>
<td>Development Milestone #3: Pre-forma Draft (CLO 2 &amp; 5) Discussion Starter: Last names G – I Reading – see Blackboard</td>
</tr>
<tr>
<td>9G</td>
<td>3/22</td>
<td><strong>Resurrection: Redevelopment and Reuse</strong></td>
<td>RR #4 – This Property Can Be Saved (CLO 5 &amp; 6) Discussion Starter: Last names: E – F Reading – see Blackboard; research Vocab List for Test 2</td>
</tr>
<tr>
<td>3/29</td>
<td></td>
<td><strong>Spring Recess – No Class</strong></td>
<td></td>
</tr>
<tr>
<td>10T</td>
<td>4/5</td>
<td><strong>Design Workshop</strong></td>
<td>Development Milestone #4: Revenue Assumptions (2 &amp; 5) Discussion Starter: Last names: C – D Reading – see Blackboard</td>
</tr>
<tr>
<td>11G</td>
<td>4/12</td>
<td><strong>Vertical Construction (Finally!)</strong></td>
<td>RR #5 – Project Management (CLO 2) Development Milestone #5: Financing Assumptions (2 &amp; 5) Discussion Starter: Last names A – B Reading – see Blackboard</td>
</tr>
<tr>
<td>12G</td>
<td>4/19</td>
<td><strong>Building Green and Staying in the Black</strong></td>
<td>Development Milestone #6: Design Elements (2 &amp; 5) Reading to be assigned – see Blackboard</td>
</tr>
<tr>
<td>13</td>
<td>4/26</td>
<td><strong>Glamour in Real Estate: Marketing/Leasing &amp; Property Management</strong></td>
<td>Public Meeting Notes (CLO 2 &amp; 5) Reading – see Blackboard</td>
</tr>
<tr>
<td>14G</td>
<td>5/3</td>
<td><strong>Development Project Presentations</strong></td>
<td>Email PowerPoint and pro-forma to me. Bring PP on thumb drive and 2 color copies of slide show in 3/page notes format. Research any unknown terms in Vocab List for Test 3</td>
</tr>
<tr>
<td>15T</td>
<td>5/10</td>
<td><strong>Fortune Telling: The Future of Real Estate</strong></td>
<td>RR #6 – What Happened to the Trend? (CLO 5 &amp; 6) Reading – see Blackboard</td>
</tr>
</tbody>
</table>

G = Guest T = Test

<table>
<thead>
<tr>
<th>Development Project</th>
<th>Reading Response</th>
<th>Discussion Starter</th>
<th>Reading</th>
<th>Other</th>
</tr>
</thead>
<tbody>
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<td></td>
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</table>
**Classroom Deportment**

First, an apology: If you ordinarily show up on time, respect others, do your fair share in group work, value your education, and take responsibility for your actions, I am sorry to have to spend your time on this topic. But I believe having clear expectations is important. Furthermore, timeliness, respect, teamwork, lifelong learning, and responsibility can earn you many thousands of dollars more every year, so consider this one of your last chances to cement good habits that will make you valuable to people signing checks.

**Timeliness**

We will start class promptly at 7:00 p.m. Please be in the room and seated. When released for a break (typically 10 minutes), please come back promptly at the stated restart time. Class ends at my discretion. Assume we will use the entire time until 9:40 p.m. The content for this course is enormous. We need every minute.

**Respect**

Respect starts with being on time, but it goes much farther. It includes consideration of others’ rights, property, personal space, and feelings. Critical thinking is encouraged; criticism of others is not. Also, please respect our purpose in class. Cell phones should be off or in silent mode. Text messaging should be done during breaks. Computers should be used for class-related activities only.

**Teamwork**

Employers value the ability to work within a team. That means amicably finding an equitable division of responsibilities and fulfilling your part of the equation on time. The Development Project is large and requires contributions from all members. It includes six milestones during the semester. Each group member will bear primary responsibility for at least one milestone. Failure to complete a milestone on time, or submittal of a sub-par milestone, may have a greater negative effect on that member’s grade than on his/her teammates’ grades for that milestone.

**Getting Your Money’s Worth**

You or someone who cares about you has paid a great deal of money for you to be here. It is an opportunity that many people do not have. Take maximum advantage. You will never regret it.

**Let’s Be Honest**

We are all flawed. We make mistakes. People respect people who admit their shortcomings. Excuses impress no one. You will hear me admit to errors. Be honest in self-assessment. Take responsibility for your action (or inaction). Learn from it and strive to do better.

**Contact Options**

**Office Hour**

Feel free to come to my one office hour (see top of syllabus) or arrange another time convenient to both of us. Potential topics include:
Disabilities. Each one of us is different. I am here to help you succeed regardless of which combination of gifts you possess. I will do my best to accommodate disabilities while protecting your privacy. Please note the following policy:

If you are a student with a disability and believe you will need accommodations for this class, it is your responsibility to contact Student Disability Services at (619) 594-6473. To avoid any delay in the receipt of your accommodations, you should contact Student Disability Services as soon as possible. Please note that accommodations are not retroactive, and that I cannot provide accommodations based upon disability until I have received an accommodation letter from Student Disability Services.

Grade disputes. I pride myself on fairness and objectivity. If you feel you have not been given a fair shake, please come see me.

Getting help before it’s too late. This class contains a great deal of content. Should you have difficulty with any of the assignments or readings, please see me promptly. Monitor your scores via Blackboard. If your final grade comes as a complete surprise, you have not been paying attention. Denial of the problem and hope for a miraculous turnaround are ineffective grade-management techniques.

Other Contact Choices
My day job commands my primary attention weekdays between 8:00 a.m. and 5:30 p.m. However, if need be, it is ok to call me there.

Do not bother calling the office phone number SDSU assigns to me. I do not use it and I do not check it for messages.

Sometimes students are reluctant to contact me during the weekend. In fact, that is when I have the most available time. Feel free to call.

Conclusion
Reward, by definition, is earned. The greater the effort, the more satisfying the reward. I give maximum effort to this job and have found it exceptionally rewarding. I urge you to make the same investment.