



UNC  
COLLEGE OF  
ARTS & SCIENCES

THE UNIVERSITY  
of NORTH CAROLINA  
at CHAPEL HILL

DEPARTMENT of CITY and REGIONAL PLANNING

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PLAN 765  
Real Estate Development

Fall 2018

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UNC-CH

Open to second-year Master's students in DCRP and other students with instructor's permission

Meeting Times: Tuesday & Thursday, 9:30-10:45 a.m.

Location: New East 301

Office Hours: Any weekday afternoon by appointment

Course Description & Objectives:

This course provides a rigorous treatment of real estate development from the entrepreneurial perspective. The course is organized around the four dimensions of real estate: economic/market, financial, legal/institutional, and physical. The last part of the course focuses on vibrant centers, downtown redevelopment and the related public-private partnerships.

The course emphasizes risk management and the inherent uncertainties of real estate development. The ability to manage risk, solve problems creatively, and attend to details are the hallmarks of successful developers.

Method of Instruction:

Presentations, assigned readings, and exercises sent by email will provide the course content. We will not use Sakai.

Readings:

Text: Godschalk & Malizia, Sustainable Development Projects.

New copies are available at Student Stores; used copies should be available through Amazon.

Handouts will be provided in class.

Many reading assignments will be pdf files sent as email attachments.

Lecture notes for each class session will usually be sent via email before class.

Grading:

- In-term exam – 50%
- Major Assignments – 30%
- Preparation, Participation, & Attendance – 20%

The in-term exam tests students' knowledge of important concepts in real estate development.

The major assignments deal with assessments of specific metro markets in the U.S. and important changes in space use underway.

Exercises and in-class discussion emphasize learning by application of concepts and methods.

Schedule of Classes:

<u>Date</u>	<u>Session Topics</u>
Aug. 21	Introductions: students' specialization, summer work, RED interests Discuss text & review chapters Review syllabus Discuss student responsibilities/expectations How to begin a career in RED Assignment: Graaskamp Reading (handout + pdf)*
Aug. 23	Real estate development: definitions, roles & process Development timeline as course overview Assignment: Text, Ch. 1, Ch. 2 & Ch. 3
Aug. 28	Graaskamp's RED framework and tools for risk management Assignment: Text, Ch.4
Aug. 30	Financial feasibility analysis BoE & Static financial analysis CD/MD office case study (word doc and template) Assignment: Text, Ch. 5
Sept. 4	Turn in CD/MD assignment at the beginning of class CD/MD office case review Apartment alternatives (from Ch. 4) Dynamic financial analysis overview Assignment: Text, Ch. 6 & Ch. 7
Sept. 6	<u>Bring Text to class</u> Revenue & expense analysis Discounted Cash Flow Analysis Applications of DCF Greenfield example (Excel) Assignment: Sensitivity analysis of Ch. 6 DCF example

- Sept. 11      Discussion of sensitivity analysis  
 Financial plan  
 Ownership structures  
 Review Word docs on Investment Analysis &  
 Ownership Structure Notes
- Assignment: Text, Ch. 8  
 National Association of Builders [www.nahb.org]  
 Search: innovative infrastructure finance solutions  
 Read Part I & II; Skim Part III  
 Prepare for in-class discussion of financing tools
- Sept. 13      ROI analysis of infrastructure investment  
 Government finance tools – discussion of traditional & innovative  
 alternatives
- Assignment: ajhp-Malizia (pdf)  
 Managing the Entitlement Process (except section on Density)  
 Porter Log Jam (pdf)\*
- Sept. 18      Government roles in RED  
 Entitlement process
- Assignment: Sternberg-Polanyi (pdf)\*
- Sept. 20      Government relations  
 From externalities to Polanyi  
 Community relations case study: Carrboro CVS
- Assignment: PropertyAcquisit (pdf)
- Sept. 25      Site Control  
 Site Selection: intraurban  
 Economic location: interregional
- Assignment: Market Assessment – due November 29  
 117 W. Main St. feasibility option  
 Construction Delivery Systems (pdf)  
 Capital budgeting (Word doc)
- Sept. 27      Construction & construction management  
 Capital budgeting  
 GC construction cost estimate/bid (handout)  
 Bovis D.C. project example (circulate)
- Assignment: Construction contracts (Word doc)  
 ConstructContractsBass (pdf)  
 Construction AIA AGC Primer available online
- Oct. 2        Construction contracts
- Assignment: LeasePrimerRev14 (pdf)

Oct. 4 Leases

Oct. 9 Leases (continued)  
Simple Commercial Lease (handout)

Assignment: MarketAtlantaLiz (pdf)

Oct. 11 Real estate market analysis  
Market Research (Word doc)  
Market Analysis (Word doc)  
Assignment: Example of Level C REMA (pdf)

Oct.16 Market analysis techniques  
Hour-glass (handout)

Assignment: Changes in Property Use – due December 4

Oct. 18 Fall Break

Oct. 23 Real estate appraisal  
Assignment: Exam review questions

Oct. 25 In-term Exam Review

Oct. 30 In-Term Exam

Nov. 1 Environmental factors in RED  
Guest instructor  
Assignment: Chapter in Squire’s book

Nov. 6 Public-private partnerships  
Types of PPPs (handout)  
DCF application

Nov. 8 New Markets & Historic Tax Credits  
Guest Instructor  
Assignment: Swink pdf

Nov. 13 Placemaking video [[www.youtube.com/watch?V=Hy4QjmKZF1c](http://www.youtube.com/watch?V=Hy4QjmKZF1c)]  
Urban fabric (handout)  
D.C. townhouse project (handout)

Nov. 15 Design in the development process  
Guest Instructor  
Assignment: NAIOPReport14(pdf) – Executive summary only  
Making Downtowns ... (pdf)  
REF 2016 article (pdf)

Nov. 20 Vibrant Centers

Nov. 22	Thanksgiving
Nov. 27	Vibrant Centers
Nov. 29	Student presentations – Market assessments
Dec. 4	Student presentations – Property redefinitions
Dec. 11	Final Assignment due – revised presentations

### Market Assessment

Select one metro area

Use the metro you analyzed in Plan 214

Choose a deferent one if you are very familiar with it

Describe the economic base

Prominent export industries

Prominent occupation groups

Evidence of entrepreneurship

Review the history of the place

Changes in economic base since 1970

Trends in employment, population, and households

Trends in income – per capita, median HH, poverty rates

Correlate trends to building cycles

Select office, retail, or M-F properties

Track construction since 1970

Assess current market conditions for the use you selected

Discuss demand and supply

What other factors should you consider?

How attractive is this property type for investment or development?

Any additional insights about location, scale, or features?

### Changes in Property Use

Select one property type from the following:

Office

Industrial

Retail

Multi-family

Identify major changes in space use underway

Conduct internet search for articles

Review published sources

Consult with experts

Figure out the implications for property (re)development

Prepare advisory notes for developers interested in this property type that addresses the factors you believe to be most critical