

<b>Course Syllabus:</b>	<b>RE431/531 Real Estate Portfolio Management</b>
<b>Instructor:</b>	Roger Staiger (Cell) 202-640-8912 (E-mail preferred)
E-mail*:	<a href="mailto:rstaiger@pgainllc.com">rstaiger@pgainllc.com</a> (if you do not receive a response in 48h please resend your email)
	* Please upload any/all files to Canvas to ensure course grader receives them
<b>Grader:</b>	<b>Kennedy Nicoara</b> <a href="mailto:ksarver@uw.edu">ksarver@uw.edu</a>
<b>Text/Materials:</b>	<b><u>Real Estate Finance</u></b> , 15 <sup>th</sup> Edition (or later), W.B. Brueggeman & Jeffrey D. Fisher, 2005, McGraw-Hill Irwin ISBN: 978-0-07-352471-9  <b><u>Foundations of Real Estate Financial Modelling</u></b> , 2 <sup>nd</sup> Edition, Roger Staiger, 2018, Routledge ISBN: 978-1138046184  <b><u>Fundamentals of Futures and Options Markets</u></b> , Latest Edition, John C. Hall, 2016, 9 <sup>th</sup> edition, Prentice Hall  <i>Financial Times</i> Newspaper  HP-12C Financial Calculator and Manual
<b>Time &amp; Location:</b>	See Schedule Zoom Structure
<b>Warning!</b>	This class will require a considerable amount of reading and work. The more effort spent on this class, the more students will benefit. The schedule is aggressive and the reading and work requirements for students enormous! <b>You have been warned!</b>

**Course Description:** Portfolio management is a well-developed science in the institutional investment world for stocks and bonds, but is still developing in real estate markets. While insurance companies have invested in real estate and debt for decades, it is only during the last 25 years that real estate has been considered by pension funds and other institutional investors. This course surveys portfolio management fundamentals and the current state of the art in real estate portfolio management. Both private and public debt and investment alternatives are covered.

**Prerequisites:** Medium to strong spreadsheet modeling skills (MSEExcel required); Real Estate Finance.

**Objective:** To develop an understanding of basic portfolio assessment, management, and financial hedging strategies. To practically be able to incorporate real estate within a portfolio as another asset class, adding to the efficiency of the overall portfolio. A thorough base of knowledge regarding Markowitz Portfolio Theory will be gained.

**Teaching Method:** This course will be taught twice a week via zoom (see schedule below). Each class will consist of a discussion of homework and new lecture material.

<b>Grading Policy:</b>	Homework Problems	25%
	Midterm*	25%
	Project(s)	25%
	Final Exam*	25%

\* Examinations will be administered on the computer and will be time based. Also, work for all solutions on the examination must be provided. NO credit for single numerical answers with no accompanying work.

Homework will be due at the beginning of each class and will be uploaded to canvas. If there are questions, please reach out to the course grader. Homework will consist of problems assigned from the book and the problems may be completed by hand unless noted for computer modeling. No more than two problems may be completed per page and only the front of pages may be used for homework assignments. Each assignment must be e-mailed to the course grader in pdf format with name and course title in the file name. Homework problems must be in correct ascending order or they will not be graded. Any homework assignments, which are not legible or well presented, will not be graded. ALL WORK MUST BE CLEARLY SHOWN. NO CREDIT WILL BE RECEIVED FOR ANSWERS WITHOUT THE ACCOMPANYING WORK! POINT REDUCTIONS WILL RESULT IF HOMEWORK FORMAT, AS STATED ABOVE, IS NOT FOLLOWED!

**10% of assignments/projects will be reduced for each day late up to three days. After three days the assignment will receive a grade of zero (0). Assignments are due at the beginning of class on the date stated as "Due". Note: If class begins at 10:30 am and your assignment is turned in at 10:31am, you receive a 10% penalty for one day late**

There will be two examinations: one midterm and a final examination. Prior to the midterm and final examination, a review of prior material will be presented. Students are responsible for all coursework up to and including material covered during the previous class.

**Note:** A ten (10) minute grace period will be provided over and above the time allotted for the examinations. Examinations not posted to canvas by the end of the grace period will not be graded, i.e. the grade will be a zero (0).

**Note1:** Those individuals receiving accommodations from the University (for any reason) must reach out to the grader with his/her accommodation requirement. These individuals are responsible for ensuring

the grader has responded, e.g. “received”, to ensure that the accommodation is understood and, therefore, implemented. Do NOT assume the grader/instructor has been notified until receiving email confirmation. Please keep this email confirmation for your records.

Grading Scales:

*Undergraduate Grading Scale:*

A	4.0	94% and above
	3.9	93%
A-	3.8	92%
	3.7	91%
	3.6	90%
	3.5	89%
B+	3.4	88%
	3.3	87%
	3.2	86%
B	3.1	85%
	3.0	84%
	2.9	83%
B-	2.8	82%
	2.7	81%
	2.6	80%
	2.5	79%
C+	2.4	78%
	2.3	77%
	2.2	76%
C	2.1	75%
	2.0	74%
	1.9	73%
C-	1.8	72%
	1.7	71%
	1.6	70%
	1.5	69%
D+	1.4	68%
	1.3	67%
	1.2	66%
D	1.1	65%
	1.0	64%
	0.9	63%
D-	0.8	62%
	0.7	61%
E	0.0	60% and below

*Graduate Grading Scale:*

A	4.0	94% and above
	3.9	93%
A-	3.8	92%
	3.7	91%
	3.6	90%
	3.5	89%
B+	3.4	88%
	3.3	87%
	3.2	86%
	3.1	85%
B	3.0	84%
	2.9	83%
B-	2.8	82%
	2.7	81%
	2.6	80%
	2.5	79%
C+	2.4	78%
	2.3	77%
	2.2	76%
	2.1	75%
C	2.0	74%
	1.9	73%
C-	1.8	72%
	1.7	71%
E	1.6	70% and below

<https://grad.uw.edu/policiesprocedures/graduate-school-memoranda/memo-19-gradingsystem-for-graduate-students/>

A minimum of 2.7 is required in each course that is counted toward a graduate degree.

**Meeting Protocol for the Virtual Classroom**

The meetings have been setup so that you may arrive early and when you arrive, you will be immediately in the “classroom”. Zoom is integrated to Canvas and you should have received a meeting notice for our first class. If not, please let me know via e-mail @ [rstaiger@pgainllc.com](mailto:rstaiger@pgainllc.com). Recordings will also be added to canvas directly for those of you who may not be able to attend at the scheduled time but please try to make it to the synchronous session or make sure to watch the recording within a week of the class. Each class will build on the subject and provide you with the necessary tools to complete assignments and due well on the examinations. It is strongly recommended that you attend as many classes as possible.

**During Class**

- Muting and unmuting your mic – Your microphone is set on mute upon signing in – please unmute yourself to speak. Mute your mic when you are not speaking in order to cut down on ambient feedback and other unwanted background noises.
- Start Video – Your video is on by default at the start of the class. Please keep the camera on during class time if you are able to especially during a discussion. It is important for class engagement when we can see each other.
- Chat – We will use it from time to time during the class time for discussion and feedback. You may use the Chat function to communicate with each other or everyone on matters related to the class.
- Share Screen – When presenting using PowerPoint or another application, share the application only rather than your desktop to protect your privacy.

### **Recording**

This course is scheduled to run synchronously at your scheduled class time via Zoom. These Zoom class sessions will be recorded. The recording will capture the presenter's audio, video and computer screen. Student audio and video will be recorded if they share their computer audio and video during the recorded session. The recordings will only be accessible to students enrolled in the course to review materials. These recordings will not be shared with or accessible to the public.

The University and Zoom have FERPA-compliant agreements in place to protect the security and privacy of UW Zoom accounts. Please let me know if you have concerns about being recorded and the use of the recording. Students who do not wish to be recorded should:

- Change their Zoom screen name to hide any personal identifying information such as their name or UW Net ID, and
- Not share their computer audio or video during their Zoom sessions.

### **Academic Integrity**

University of Washington students assume an obligation to conduct themselves in a manner appropriate to the University of Washington's mission as an institution of higher education and with accepted standards of ethical and professional conduct. Students must demonstrate personal integrity and honesty at all times in completing classroom assignments and examinations, in carrying out their fieldwork or other applied learning activities, and in their interactions with others. Students are obligated to refrain from acts they know or, under the circumstances, have reason to know will impair their integrity or the integrity of the university. Violations of academic integrity and ethical conduct include but are not limited to cheating, plagiarism, unapproved multiple submissions, knowingly furnishing false or incomplete information to any agent of the university for inclusion in academic records, violation of the rights of human and animal subjects in research, and falsification, forgery, alteration, destruction, or misuse of official university documents or seal.

If you have any doubt about whether a specific use of material constitutes plagiarism or whether it is appropriate to work with others on a project or assignment, ask! The University's Student Conduct Code is Washington Administrative Code 478-120 (<http://app.leg.wa.gov/WAC/default.aspx?cite=478-120>).

Also see:

<https://depts.washington.edu/grading/pdf/AcademicResponsibility.pdf>

Additionally, please keep in mind that the university provided site (VeriCite) will screen your assignments and the final paper, helping in the identification of plagiarism from internet resources.

### **Religious Accommodations**

Washington State Law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities.

The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy \(https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/\)](https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/).

Accommodations must be requested within the first two weeks of this course using the [Religious Accommodations Request form \(https://registrar.washington.edu/students/religious-accommodations-request/\)](https://registrar.washington.edu/students/religious-accommodations-request/).

### **Student Safety**

Students are advised to refer to UW policies and procedures to ensure their safety and security on campus. For more information to go: <http://www.washington.edu/safecampus/> to report threats, seek advice, or get counseling, dial (206) 685-SAFE (7233).

### **Accommodating Disabilities**

The program is committed to ensuring learning opportunities for students with disabilities. If you would like to request academic accommodations due to a disability, please contact the office of Disability Resources for Students (<http://depts.washington.edu/uwdrs/> ). If you have a letter from the office of Disability Resources for Students indicating you have a disability that requires academic accommodations, please present it to the instructor so we can discuss specific accommodations for this class.

If an accommodating event occurs during the class schedule, DRS (or the administration) MUST be contacted prior, or concurrently with the instructor and grader. An email from DRS to the instructor/grader asking that an accommodation be provided prior to the full evaluation will result in all assignments/projects/examinations being weighted from the student's grade, i.e. no weight will be given to the assignments, until an evaluation is completed. Again, an email must come from DRS to the instructor/grader.

Finally, **NO** individual accommodations will be provided for any reason from the instructor/grader without direction/approval from DRS and/or the administration.

### **28 March – 3 June 2022 (MW)**

12:30pm – 2:20pm **Pacific Time Zone**

#### **Week 1**

Class 1: 28 March – Syllabus Overview; Professor Overview; Class Overview

Class 2: 30 March – Amortization

#### **Week 2**

Class 3: 4 April – Inputs

Class 4: 6 April – Pro Forma

**Chapters 6/7 – Foundations of Real Estate Financial Modelling**

#### **Week 3**

Class 5: 11 April – Summary/Valuation

Class 6: 13 April

Lecture: Descriptive Statistics

**Chapters 1/2/3 - Foundations of Real Estate Financial Modelling**

**Assignment: Risk/Return/Correlation**

## **Chapters 6/7 – Foundations of Real Estate Financial Modelling**

### **Week 4**

Class 7: 18 April

Lecture: Revere Street Overview

**Assignment: Revere Street**

Class 8: 20 April

Lecture: Risk\_Return\_Portfolio (Current)

**Chapter 1 – Foundations of Real Estate Financial Modelling**

### **Week 5**

Class 9: 25 April

Lecture: Risk/Return Portfolio

**Assignment: Portfolio Problems (Portfolio Risk\_Questions)**

**Due: Risk/Return/Correlation**

Class 10: 30 April

Lecture: Midterm Examination Review

**DUE: Portfolio Problems (Portfolio Risk\_Solutions)**

### **Week 6**

Class 11: 2 May

Lecture: REPM – Characteristics of RE Returns and Estimation – Pagliari\_3.ppt (not on midterm)

Lecture: REPM – Land Investments – Pagliara\_5.ppt (not on midterm)

Class 12: 4 May

**MIDTERM**

### **Week 7**

Class 13: 9 May

Lecture: Optimal Capital Structure

Review of Midterm

**DUE: Revere Street (Must include Risk Quantification discussion)**

Class 14: 11 May

Lecture: Crystal Ball Overview

**Chapter 11 – Foundations of Real Estate Financial Modelling**

### **Week 8**

Class 15: 16 May

Lecture: Crystal Ball Implementation

## **Chapter 11 – Foundations of Real Estate Financial Modelling**

### **Assignment: Three-Asset Portfolio w/ Crystal Ball**

Class 16: 18 May

Lecture: REPM – Evolving Role of RE Research – Pagliari\_22.ppt

Lecture: REPM – Portfolio Diversification Considerations – Pagliari\_23.ppt

### **Week 9**

Class 17: 23 May

Lecture: REPM – Development Portfolio Strategy – Pagliari\_24.ppt

Lecture: REPM – RE Portfolio Mgmt Process – Pagliari\_25.ppt

Class 18: 25 May

Lecture: Markets.ppt

Lecture: Market\_Mechanics.ppt

Lecture: Hedging\_Using\_Futures.ppt

**DUE: Three-Asset Portfolio w/ Crystal Ball**

### **Week 10**

Class 19: 30 May

Lecture: Housing Futures and Options

Lecture: Trading Strategies

Class 20: 1 June

Lecture: Final Examination Review

**Week 11 ~~(NEED THE DATE)~~ 9 June (Thursday): 8:30am – 10:20am**

**FINAL Examination**