

Real Estate Finance & Investment
RE 413/513 and URB DP 554 | Section A – Autumn 2024

Instructor: Keith Leung (leungke@uw.edu) Office hours: Mondays after class 12:20pm-130pm
Grader: Alysha Lee
Time & Location: M W, 10:30AM – 12:20PM – OUG 141
Text/Materials: **OPTIONAL (ADVANCED):** *Commercial Real Estate*, 3rd Edition, Geltner et al. ISBN: 978-1133108825 | **Microsoft Excel:** <https://itconnect.uw.edu/wares/uware/microsoft/>

Course Description

This is an introductory class to real estate finance. We connect concepts from other real estate, economics, and finance courses and distill it down into helpful numbers to guide our real estate decision-making. In the first half of the course, we explore the fundamental principles and math behind real estate finance and investment decisions. In the second half, we apply these concepts to direct real estate investment, development, mortgages, and corporate finance for residential and commercial real estate. This course focuses on developing critical thinking and logic for Real Estate.

Key Objectives

- 1) Understand how risk and return is determined and calculated for real estate
- 2) Learn to build a proforma financial model and develop skills, intuition, and confidence to question weak assumptions
- 3) Apply fundamental finance concepts to different real-world situations in various real estate roles

Teaching Method

This course will be taught in-person – however, lectures and labs will be recorded on Panopto for your convenience.

Course Schedule (subject to change)

Wk	Tuesday Class	Excel Lab/Pset Due	Book Chapter	Thursday Class	Excel Lab/Pset Due	Book Chapter
1				Sep 25 Introduction/Basic Proformas		7,11
2	Sep 30 Market Analysis I	Basic Proforma Lab	10	Oct 2 Market Analysis II		10
3	Oct 7 Time Value of Money I	Pset 1 due before class	8	Oct 9 Time Value of Money II		9
4	Oct 14 Risk Analysis	DCF Equity Proforma Lab		Oct 16 Leverage	Risk Analysis/Leverage Lab	13
5	Oct 21 Taxes	Pset 2 due before class	14	Oct 23 Mid-term Review		
6	Oct 28 Mid-term	Discussion post #1 due before class		Oct 30 Mortgages I		16
7	Nov 4 Mortgages II	Mortgages Lab	17,18	Nov 6 Real Estate Development I	Pset 3 due before class	28
8	Nov 11 Real Estate Development II			Nov 13 JVs and Waterfalls	Development Lab	15
9	Nov 18 RE Development Workshop			Nov 20 RE Development Presentations		
10	Nov 25 Corporate Real Estate	Pset 4 due before class	14	Nov 27 No class - Thanksgiving	Final Review (recorded)	
11	Dec 2 No class - Thanksgiving			Dec 4 Final Exam	Discussion post #2 due before class	

Final Exam: In-class Wednesday Dec 4, 2024, 10:30am – 12:20 pm (OUG 141)

Grading	10%	Discussion posts (2 posts on Canvas discussion board @5% each) *
	30%	Problem Sets (4 x @7.5% each) **
	10%	Development Workshop***
	25%	Midterm ****
	25%	Final Examination *****

* At a minimum, each student is expected to make at least one post to the Canvas discussion board (either a question or a reply) during each half of the course. The post does not need to be great –not graded on content – but they do need to be genuine and relevant to the course, though they can be “out of the box” or creative. The forum will be monitored by the instructor and will be treated as an important part of the learning process in the course. Please do not just copy and

paste someone else's (AI) thoughts. We want your authentic thoughts. Please cite any AI-assisted writing.

Misappropriation or plagiarism results in a failing grade at the end of the course.

**** Problem sets (P-sets)** can be completed individually or as a group (max 4 students). Submit one version with all the names of group members. P-sets will be completed in Excel and submitted to Canvas before our class. **An initial 20% late penalty will be deducted from each assignment's grade and 10% penalty for each day after.** Any accommodations must be made well in advance. Submissions made on time will have the opportunity for resubmission to recuperate 75% of the points lost on the initial submission.

***** Development workshop** consists of participation (5% each session) in two in-class sessions. No work outside of class time allowed. Teams of 4-6 students will be announced at the start of the first session. Teams are to provide a proforma and ppt presentation of a real estate bid at the end of class. Bids should have a final offer, and justification why their analysis and bid are superior using theory and techniques learned in the course. The highest 3 bids and lowest 2 bids will be announced at the start of the second session. These 5 teams will present their bid and justification to the non-presenting teams with a Q&A session at the end. 5 teams non-presenting teams will judge the best presentation based on creativity, persuasiveness, risk analysis, and price.

****** Examinations** will be multiple choice, timed, and administered on paper. No phone calculators, or graphing calculators are allowed. Basic scientific calculators will be best to use on the exam, but financial calculators are allowed.

There will be two examinations: a 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. **Exams will be based on content from slides, lectures, Excel labs and problem sets.**

Grading Scales

Undergraduate Grading Scale		
A	4.0	96% and above
	3.9	93-95%
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	60% and below

Graduate Grading Scale		
A	4.0	96% and above
	3.9	93-95%
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%
E	1.6	70% and below

A minimum of 0.7 is required for a passing grade for undergraduate students. A minimum of 2.0 is required for Satisfactory if taking the class S/NS. Official undergraduate grading system info [link](#).

A minimum of 2.7 is required in each course that is counted toward a graduate degree. Official graduate grading system info [link](#).

Textbook

The textbook is optional for students who want to go beyond the material covered in class. **Exams will be based on content from slides, lectures, Excel labs and problem sets.** For those considering real estate as a career, I recommend the textbook for future reference during your career.

Administration

Class Attendance and Etiquette

It is recommended, although not required, that students attend the course on a regular basis. Additionally, students will benefit from group discussions and sharing of different perspectives.

To facilitate a good learning environment, I would really appreciate if you could follow the following:

Be punctual and do not cause disruption if you come late in class or need to step away for a minute

Cell phones should be on silent mode

Be respectful of other's opinions

If you need to leave the room in a virtual classroom, make sure your video and microphone are turned off

You cannot record without instructor's permission

Virtual (zoom) classroom- Etiquette

In the event of weather events or illness, some of our classes may be via zoom which is integrated in canvas and you should be able to access the classes through the course site. Please make sure your video/audio works properly before class. I would recommend you find a quiet place during the class as you will need to unmute for the breakout room when we have them and possibly ask questions. If you have a busy background, you can use a blurred or professional virtual background. Additionally, please dress for the course as if you are in the classroom – so no pajamas please. If you experience technical issues please reach out to: be-help@uw.edu or 206-543-8531

During class, please follow these guidelines:

Muting and unmuting your mic: Your microphone is set on mute when you enter the virtual classroom. Please unmute yourself to speak. Mute your mic when you are not speaking to eliminate ambient feedback and other unwanted background noises.

Start Video: Please start your video when class starts and keep the camera on during the entire class, especially when you are speaking unless you have bandwidth issues. For class engagement, it is important that we can see each other. If you are interrupted during class or need to step away, please turn off your video but restart it as soon as you return.

Raise Hand: During class, use the Raise Hand button and if the instructor has not called on you then unmute and interrupt to ask your question.

Chat: We will not be using this function in this course since it can be distracting for the instructor. If you have questions or comments, please unmute your mic.

Share Screen: When presenting using a PowerPoint or another application, share the application only rather than your desktop to protect your privacy.

Mask requirement & covid-19 testing

The health and safety of the University of Washington community are the institution's priorities. Please review and adhere to the [UW COVID Face Covering Policy \[pdf\]](#)

Wearing a high-quality mask indoors is recommended after that, so long as we stay in the CDC's "low" community level. High-quality masks protect the wearer and others, and they continue to be [available for free in locations on each UW campus](#). If you would like to test for Covid please reach out to the [Husky Testing Program](#).

Disability Accommodation

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>) Please note that it can take multiple weeks to get approvals through DRS, so you need to submit any requests as quickly as possible to have the best outcome. 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.

Academic Integrity

The University takes academic integrity very seriously. Behaving with integrity is part of our responsibility to our shared learning community. If you're uncertain about if something is academic misconduct, ask me. I am willing to discuss questions you might have.

Acts of academic misconduct may include but are not limited to:

- Cheating (working collaboratively on quizzes/exams and discussion submissions, sharing answers and previewing quizzes/exams)
- Plagiarism (representing the work of others as your own without giving appropriate credit to the original author(s))
- Unauthorized collaboration (working with each other on assignments)
- Not attributing credit to AI-assisted writing

Concerns about the above or other behaviors prohibited by the Student Conduct Code will be referred for investigation and adjudication to the program director, Department chair and if needed Associate Dean of Student Services. Students found to have engaged in academic misconduct may receive a zero on the assignment

Students are expected to adhere to the UW's code of conduct. The student conduct code requires students to practice "high standards of academic and professional honesty and integrity." Students who are suspected of cheating or plagiarism will be confronted directly by the instructor, who will inform the appropriate parties within the Department, College, and University to determine if the student's actions warrant zero points and/or disciplinary action, which may include probation or dismissal. The University's Student Conduct Code is Washington Administrative Code 478-120: (<http://app.leg.wa.gov/WAC/default.aspx?cite=478-120>).

Also, Student conduct code: <https://www.washington.edu/cssc/for-students/student-code-of-conduct/>

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

Student Safety

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

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, and Resources](#)
- [Religious Accommodations Request Form](#)

Student Athletes Policy: Student athletes who have conflicts with attending any lecture or submitting any assignment should submit a list of such conflicts along with a letter from the athletics department within the first two weeks of this course. I will reasonably accommodate any student athlete who follows this guideline.

First Week Course Attendance Policy: Attending class the first week of the course is essential for understanding the requirements for successful completion of the course. Students who do not attend any of the regularly scheduled class meetings and do not notify the instructor of their absence during the first week of the quarter will be dropped from the course by the end of the second week of the quarter.

Request for Extension:

Course work is considered late if it is not submitted by the stated deadline. Students experiencing life circumstances that impact their studies significantly, such as hospitalization, death in the family, or other types of critical life circumstances, may work with their instructor to submit a request for extension. The request for extension is sent in the form of an email to the instructor of the course from the student's UW email account and includes: (1) a rationale for the request (i.e., why the student is not able to submit on time); and (2) a list of the specific assignments the student is requesting to make up and a proposed new deadline for such work. Requests must be submitted within one week of the due date of the missed assignment. The final decision associated with the extensions and deadlines is at the discretion of the instructor and the instructor will maintain a record of the email communication in reference to the approved or denied requests for extension. Professional work, course work for other classes, disorganization, travel, forgetfulness, technological issues, etc. are not considered acceptable reasons for submitting a request for extension.