

SYLLABUS – MBA PRINCIPALS OF REAL ESTATE (MBAX 6600-800)
SPRING SEMESTER 2012
MONDAYS 2:00 – 4:45 in KOBL S110

INSTRUCTOR: Austin W. Lehr
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OFFICE: Real Estate Center (KOBL tbd)

OFFICE HOURS: Monday's 1:00pm-2:00pm and 5:00pm-6:00pm or by appointment

TEXT: *The Handbook of Commercial Real Estate Investing* by John McMahan.
We will utilize the text as a resource more than the primary basis for the delivery of information in the course; however, *pay particular attention to the glossary of terms at the end of the book*. You must purchase your own text or share a text with other students. A copy of the text book will be on reserve in the Leeds library.

OTHER READING: *Last Harvest* (Witold Rybczynski)
This is an inexpensive paperback book you are required to purchase. It is available in the bookstore or online at Amazon.com, etc.

CASES/SPEAKERS: We will survey multiple facets of commercial and residential real estate and have guest speakers when possible helping explore particular aspects and issues of specific projects.

- A. CLASS OVERVIEW. The course will introduce MBA students to real estate, with an emphasis on the commercial sector. The lectures will survey topics in real estate development, economics, finance, valuation, law, planning, brokerage, management, investment, deal structure and sustainability. The course begins with broad overviews of real estate property and capital markets. It will then explore the subject areas of planning and development, market research, acquisitions, law, brokerage and asset management. We will cover all the major real estate “food groups” including office, retail, industrial, multifamily and mixed use. Included in our study will be the increasingly important aspect of sustainability. Other key aspects we will study will be the public sector’s regulatory role, capital and financing requirements, and execution. Additionally, if requested by the class, Mr. Lehr will make himself available either before or after class to discuss other aspects of real estate, business, careers, etc.
- B. EXAMS/GRADING. All assignments, presentations and tests will be performed and turned in from 4-5 person teams. All teams will self evaluate and determine the balance of the grade for the group. There will be two (2) exams during the semester (25% each). The remaining (50%) will be based upon two group presentations, in class exercises, class attendance, other

assignments and participation as determined solely by the Instructor. Extra Credit opportunities will also be available (see the last pages of this document).

- C. ATTENDANCE; PREPARATION/READING. Attendance is strongly encouraged; exam questions will be based upon concepts and information covered during class which may go beyond the concepts and information contained in the text, cases, power point materials, etc., and a large portion of the 50% of the final grade will be based upon the student's attendance and participation in class as determined by the Instructor. Students will be expected to have read all materials assigned in advance of class for the assigned class.
- D. HONOR CODE. Students are required to know and adhere to the University's academic integrity policies. Any violation will subject to the student to both academic sanctions by the Professor and non-academic sanctions by the University including possible probation, suspension or expulsion.
- E. IN-CLASS CONDUCT. The Instructor utilizes the "Goose and Gander" code of conduct. The Instructor will have his laptop open and work on it during class...so may the students; however, he will not be checking email or surfing the net...neither should the students. The Instructor will have something to drink with him and students are welcome to as well; however, he will not be eating a snack...neither should the students. The Instructor will have his phone off and will not be taking calls, reading texts or sending texts...neither should the students. The Instructor will use his best efforts to be on time and remain in the class until the class is dismissed...the students should endeavor to do the same. The Instructor may address the students by their first or last name and the students are welcome to do the same with the Instructor.
- F. DISABILITY. If you qualify for accommodations because of a disability, please submit a letter to the Professor from Disability Services in a timely manner (minimum of one week) so that any special needs can be addressed and accommodated. Disability Services can be contacted at 303-492-8671, at Willard 322 or at www.colorado.edu/disabilityservices.
- G. RELIGIOUS OBSERVANCES. Please notify the Professor in a timely manner (minimum of two weeks) in the event any scheduled class, exam or other requirement conflicts with a religious obligation or observance and reasonable accommodations will be made.
- H. CLASS SCHEDULE & ANNOUNCEMENTS. The Instructor will keep a current class schedule posted on Blackboard and will do his best not to cancel any scheduled classes. However, as an adjunct commuting from Greenwood Village, there is the possibility a class may be cancelled due to weather, etc. The Instructor will use Blackboard to notify students of cancellations or other schedule changes and students are responsible for checking CU Learn daily.

- I. BLACKBOARD. The Instructor utilizes Blackboard extensively for class assignments, information, announcements, etc. **Students are expected to check Blackboard daily as all communication outside of the classroom will be via Blackboard.**

***Note:** We are in the process of updating and improving the course cases, speakers, etc. As a result, the schedule is and will remain somewhat fluid throughout the semester as we complete the updating work and the related scheduling of speakers, etc.*

Week 1

1/23

Introduction to RE Development: Pelican Bay/Byron Koste (<http://www.pelicanbay.com>)

Class introduction by A. Lehr; Property Types and Property Markets (Text Book Part I. *Intro*: Chs .1, 2 & 3)

Week 2

1/30

Capital Markets: “The Personality of Real Estate Money”. Sources of Real Estate Equity and Debt (Text Book Part I. Chs. 4 & 5)

Week 3

2/6

Group Presentation #1: “What’s the Vision?”

Capital Markets: “The Personality of Real Estate Money”. Interests in Real Estate (Text Book Part I. Chs. 4 & 5)

Pro Forma Basics and your place in the Capital Stack

Week 4

2/13

Development, Risk Mitigation, and the many hats of the RE Professional. Discussion: Last Harvest, Part 1 (<http://www.newdaleville.com>) (reading: all of Part I of The Last Harvest)

Stephanie Gripne: Sustainable Options; conservation, sustainable principals, LEED and mitigation options (to be confirmed)

Week 5

2/20

Site Selection, due diligence, LOI, basics of land contraction, title insurance. Discussion: Last Harvest, Part 2 (<http://www.newdaleville.com>) (reading: all of Part II of The Last Harvest)

Week 6

2/27

Case: 55th Street (Suburban/Garden Office)

Speaker: Rick Woodruff, W.R. Reynolds (<http://www.wyreynolds.com>)
Review case prior to class.

Week 7

3/5

Acquisitions, Capital Markets, and the Risk Spectrum. Guest Speaker Peter Savoie, Principal, Miller Global Properties

Final Discussion: Last Harvest, Part III (<http://www.newdaleville.com>)
(reading: all of Part III of The Last Harvest)

Week 8

3/12

Market Research: Tower Shoppes Case Study and Apartment Case Study presented by Rick Woodruff

Week 9

3/19

Legal Basics: Contracts, leases, SPEs, etc. Guest Speaker, David Lanzer, Esq. ProLogis

Mid Term Exam due at the beginning of class.

Week 10

3/26

No Class Spring Break

Offering Memorandum Available for review for upcoming series of classes. Master this document!

Week 11

4/2

Three Part Series: Acquisitions and Dispositions – Doing the Deal!

Part One: Deal Evaluation of an actual deal in the market today. Review of the Offering Memorandum, Underwriting Assumptions, Due Diligence Review. COME PREPARED. THIS WILL BE HIGHLY INTERACTIVE!!! Reading: Previously distributed Offering Memorandum and Text chps. 6-10

Andrea Karp, SVP – Black Creek Capital and Bethany Chang, Director – Dividend Capital TRT

Week 12

4/9

Part Two: Valuation and Due Diligence Findings – What are you willing to pay? Discussion of risk considerations.

Week 13

4/16

Part Three: Who wins the bid? Final offers due, buyer interviews in class and presentation to the investment committee.

Follow up assignment will be to write a transition memo. This will be a component of your final exam.

Week 14

4/23

Final Exam: In class review of new deal. Students will turn in Investment Memo of new case study and will review in class. (will be posted on Blackboard several weeks prior). **Special guest speaker will facilitate discussion and possible part of final exam to be presented in class**

EXTRA CREDIT!!!

MBAX 6600 STUDENTS ARE STRONGLY ENCOURAGED TO ATTEND THE FOLLOWING SEMINAR SERIES. IN ORDER TO SHOW SUPPORT FOR THIS OUTSTANDING INSIGHT INTO THE INDUSTRY, EXTRA CREDIT WILL BE AWARDED FOR ATTENDANCE. IN ORDER TO RECEIVE EXTRA CREDIT, YOU MUST ATTEND AT LEAST 5 OF THE 7 LECTURES LISTING ALL THE GROUP MEMBERS WHO ATTENDED THE LECTURE (REMEMBER WE ARE SUBJECT TO AN HONOR CODE), SUBMIT A ONE PAGE WRITE UP OF THE LECTURE AND APPLY IT TO WHAT WE ARE COVERING OR HAVE COVERED IN CLASS, AS WELL AS FIND OUT SOME SMALL FACT ABOUT ME FROM THE GUEST SPEAKER (NOT ALL OF WHOM KNOW WHO I AM SO THIS WILL BE INTERESTING), AND INCLUDE THAT IN THE PAPER AS A FOOT NOTE AT THE END.

University of Colorado Real Estate Center Seminar Series

Real Property/Asset/Portfolio Management

Objectives: A property manager is someone who manages the day to day operations of a property. Property managers typically report to asset managers. An asset manager oversees the operations of several properties and makes acquisition/disposition/capital expenditure decisions. Portfolio managers oversee asset managers and make capital asset allocation decision like: (1) what property (sub-) markets (domestically and internationally) should the firm be invested in?; (2) what mix of property types (residential vs. office vs. industrial vs. retail vs. hotel, etc.) should the firm hold?; and (3) how much income producing property should be included in a mixed asset portfolio? The objectives of this seminar series are to introduce MBA students to:

- How are commercial property leases structured?
 - Important lease provisions
 - Who bears the risk?
- What do property/asset/portfolio managers do?

- How do these managers add value?
 - To income producing properties
 - To their firms
- How do responsibilities change over time?
- Who do these individuals report to?
- Who reports to these managers?
- How do these individuals manage risk?
 - Leasing/tenant risk
 - Property market risk
 - Portfolio risk
 - Income producing property portfolios
 - Mixed asset portfolios

These topics will be covered in a series of seven seminars. Each seminar will begin at 6:30pm on Tuesday evenings and last about 2.5 hours. The first seminar will be on Tuesday, January 31. Seminars will be held weekly through Tuesday, March 20. There will be no seminar on February 14 (Valentine's Day). The seminars will be presented by industry professionals who have considerable experience in their respective areas.

University of Colorado Real Estate Center Seminar Series

Real Property/Asset/Portfolio Management

Schedule

| Seminar | Date | Topic | Status |
|-----------------|-------------|---------------------|--|
| Presenter(s) | | | |
| #1 Confirmed | January 31 | Leasing | Tom Lee (Newmark Knight Frank) |
| #2 Confirmed | February 7 | Office Leases | Mark Senn (Senn Visciano Canges P.C.) |
| #3 Confirmed | February 21 | Property Management | Elaine Williams (UDR) Ken Gillis (Centennial Realty Advisors) |

| | | | |
|--------------|-------------|-------------------------|-----------------------------------|
| #4 | February 28 | Asset Management I | Jeff Riggs |
| Confirmed | | | (Essex Capital) |
| #5 | March 6 | Asset Management II | Steve Schwab |
| Confirmed | | | (Equity West Investment Partners) |
| #6 | March 13 | Portfolio Management I | Craig Zeutzius (Global Business |
| Development) | | Pending | Nikhil Venkatesh (AIMCO) |
| Confirmed | | | |
| #7 | March 20 | Portfolio Management II | Steve Hansen |
| Confirmed | | | (Clarion Partners) |