

*University of Houston
C.T. Bauer College of Business*

**Real Estate Finance and Investment
FINA-7380**

Wednesday, 6:00 PM – 9:00 PM
Classroom MH 120 [CONFIRM]

Professor: Andrew J. Bruce
Phone: 972-523-1674
Email: ajbruce@uh.edu Office Hours: By Appointment

Email is the best way to communicate with me. I always read emails, even if I don't always respond right away. If you wish to meet in person, please coordinate a time with me prior to our class meetings on Wednesdays.

Teaching Assistant: NA

General Info: The course provides an overview of financing for all major real estate asset classes. It includes the principles and practices of real estate finance and investment. The course will focus on the fundamentals of commercial real estate, the financial tools needed to analyze and make decisions related to real estate financing, and the variables to be identified and quantified as part of the process. Examination of leverage, its impact on projects, and how to calculate various forms of debt structures used in the finance of commercial real estate are included. In addition, case studies will be utilized to illustrate the common practices in the business, including real life decision-making processes used by professionals on a day-to-day basis.

Course

Objectives: By the end of the semester, students will be able to:

- Analyze the financial feasibility of a real estate transaction in any asset class;
- Evaluate leveraged and unleveraged projects through developing objective projections of a specific project or asset;
- Effectively communicate results from an analysis and answer questions related to an analysis in a confident and professional manner.

Required Skillsets: Before taking this course, students should become proficient in the use of Excel and be able to easily use a financial calculator (such as the TIBA II Plus or the HP 12C). Instructions about using these tools are not covered in class. If you need assistance, please see me before or after class, so I can direct you to a source for assistance. Understanding of the material covered in the Prerequisite sections of the book prior to the first class is important.

Required

Text: Real Estate Finance and Investments (Edition 5.1) by Peter Linneman and Bruce Kirsch. Additional reading materials will be distributed throughout the term.

Attendance and Participation:

Attendance and in-person class participation are mandatory. Active class participation increases your learning experience and benefits others in class, including the professor. **Fifteen points** of your grade is assigned to attendance and participation. Class participation will be tracked by the professor. For each class missed, 5 points will be deducted. Class attendance will be subject to the Covid-19 protocols described below. If you are sick, have tested positive for Covid, or have symptoms, please communicate to me in advance and stay home to recuperate and get well. Absences for illness will be excused and not subject to point deduction.

You are expected to come to class prepared to participate. This means that you have completed the assigned readings and all work before class. Plan to contribute and share your ideas when appropriate.

Schedule:

The schedule below is as follows:

| | | |
|-------|----------|--|
| 08/25 | Week 1: | Introduction to the Course (Ch. 1-3) |
| 09/1 | Week 2: | Commercial Leases, Promo Forma Analyses, Financial Modeling (Ch. 4-6) |
| 09/08 | Week 3: | Due Diligence, Metros and Growth, Cap Rates (Ch. 7-9) |
| 09/15 | Week 4: | Cap Rates contd., Development Analysis and Feasibility (Ch. 9-11) |
| 09/22 | Week 5: | Real Estate Company Analysis, Distressed RE, Borrowing, Use of Debt & Mortgages, Sources of Debt (Ch. 12-16) |
| 09/29 | Week 6: | Mid Term Exam and Case Study #1 Prep |
| 10/06 | Week 7: | Case Study #1 Presentations |
| 10/13 | Week 8: | Debt Discussion Follow-up, Ground Leases, Exit Strategies (Ch. 15-18) |
| 10/20 | Week 9: | Real Estate PE, Investment Returns (Ch. 19-20) |
| 10/27 | Week 10: | REITS & Liquid RE, Forces Changing RE (Ch. 21-22) |
| 11/3 | Week 11: | Corporate RE, RE Entrepreneurship, RE Cycles (Ch. 23-25) |
| 11/10 | Week 12: | Ethics, Conflicts of Interest, Course Overview (Ch. 26) |
| 11/17 | Week 13: | Case Study #2/Presentations |
| 11/24 | Week 14: | No Class/Thanksgiving Holiday |
| 12/1 | Week 15: | Final Exam |

Note: The professor reserves the right to make changes to the schedule. Advanced notice will be provided through BlackBoard as soon as it is possible. You are expected to utilize this tool to stay up-to-date with the course and work schedule.

**Case Studies/
Presentations:**

Case Studies and presentations are an important part of this course. They provide students with the opportunity to demonstrate their mastery of the materials covered and applying it to real world projects. The ability to effectively communicate your results and answer questions is an important component of professional business practice.

Grading:

| | | |
|------------|------------------------------------|--------|
| 15 points | Class Attendance and Participation | Graded |
| 25 points | Mid Term Exam | Graded |
| 30 points | Final Exam | Graded |
| 15 points | Case Study/Presentation #1 | Graded |
| 15 points | Case Study/Presentation #2 | Graded |
| 100 Points | Total Available to be Earned | |

Final Course

Grade:

Grades in this course will be based on the total number of points earned during the semester. The following distribution for the assignment of your final course grades is strictly enforced.

| | | | | |
|----|--------|--|----|-------|
| A | 93-100 | | C+ | 77-79 |
| A- | 90-92 | | C | 73-76 |
| B+ | 87-89 | | C- | 70-72 |
| B | 83-86 | | D | 60-69 |
| B- | 80-82 | | F | 0-59 |

Academic

Honesty:

The University of Houston’s Academic Honesty Policy is strictly enforced by the C.T. Bauer College of Business. No violations of this policy, such as plagiarism or cheating, will be tolerated. A discussion of the policy is included in the University of Houston Student Handbook, www.uh.edu/dos/hdbk/acad/achonpol.html. Students are expected to be familiar with this policy.

Students are expected to produce original work in the course. Previous course-work from other classes cannot be submitted for credit in this course for any class assignment or project. At the instructor’s discretion, work will be submitted to Turn It In.

Blackboard

Learn:

The University of Houston’s Blackboard Learn system will be an important communication link for students in the class. All announcements, class materials, and other changes will be posted to Blackboard.

Blackboard Learn also has a mobile app for your I-Phone or Android. I encourage you to utilize it, so you receive notices immediately after posting.

PeopleSoft: The University of Houston’s PeopleSoft system is an important communication link for this class. I will endeavor to use this system to send class-wide and individual emails when needed. Please be sure your email address is updated. [CONFIRM]

**Accommodations
For Students With
Disabilities:**

The C.T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To this end, in order to receive academic accommodations, students must register with the Center for Students with Disabilities (CSD), telephone number 713-743- 5400, and present approved accommodation documentation to their instructors in a timely manner.

Face Covering Policy

To reduce the spread of COVID-19, the University strongly encourages everyone (vaccinated or not) to wear face coverings indoors on campus including classrooms for both faculty and students.

Presence in Class

Your presence in class each session means that you:

- Are NOT exhibiting any [Coronavirus Symptoms](#) that makes you think that you may have COVID-19
- Have NOT tested positive or been diagnosed for COVID-19
- Have NOT knowingly been exposed to someone with COVID-19 or suspected/presumed COVID-19

If you are experiencing any COVID-19 symptoms that are not clearly related to a pre-existing medical condition, do not come to class. Please see [Student Protocols](#) for what to do if you experience symptoms and [Potential Exposure to Coronavirus](#) for what to do if you have potentially been exposed to COVID-19. Consult the (select: [Undergraduate Excused Absence Policy](#) or [Graduate Excused Absence Policy](#)) for information regarding excused absences due to medical reasons.

Required Language for All Courses

COVID-19 Information

Students are encouraged to visit the University’s [COVID-19](#) website for important information including on-campus testing, vaccines, diagnosis and symptom protocols, campus cleaning and safety practices, report forms, and positive cases on campus. Please check the website throughout the semester for updates.

Vaccinations

Data suggests that vaccination remains the best intervention for reliable protection against COVID-19. Students are asked to familiarize themselves with pertinent [vaccine information](#), consult with their health care provider. The University strongly encourages all students, faculty and staff to be vaccinated.

Reasonable Academic Adjustments/Auxiliary Aids

The University of Houston complies with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, pertaining to the provision of reasonable academic adjustments/auxiliary aids for disabled students. In accordance with Section 504 and ADA guidelines, UH strives to provide reasonable academic adjustments/auxiliary aids to students who request and require them. If you believe that you have a disability requiring an academic adjustments/auxiliary aid, please contact [the Justin Dart Jr. Student Accessibility Center](#) (formerly the Justin Dart, Jr. Center for Students with Disabilities).

Excused Absence Policy

Regular class attendance, participation, and engagement in coursework are important contributors to student success. Absences may be excused as provided in the University of Houston [Undergraduate Excused Absence Policy](#) and [Graduate Excused Absence Policy](#) for reasons including: medical illness of student or close relative, death of a close family member, legal or government proceeding that a student is obligated to attend, recognized professional and educational activities where the student is presenting, and University-sponsored activity or athletic competition.

Under these policies, students with excused absences will be provided with an opportunity to make up any quiz, exam or other work that contributes to the course grade or a satisfactory alternative. Please read the full policy for details regarding reasons for excused absences, the approval process, and extended absences. Additional policies address absences related to [military service](#), [religious holy days](#), [pregnancy and related conditions](#), and [disability](#).

Recording of Class

Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need to record class-related activities, please contact the [Justin Dart, Jr. Student Accessibility Center](#). If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. Classes may be recorded by the instructor. Students may use instructor's recordings for their own studying and notetaking. Instructor's recordings are not authorized to be shared with *anyone* without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.

Syllabus Changes

Due to the changing nature of the COVID-19 pandemic, please note that the instructor may need to make modifications to the course syllabus and may do so at any time. Notice of such changes will be announced as quickly as possible through Blackboard or via e-mail.