



Department of  
Geography



## **GEOG 3464F:**

# **Financial Feasibility of Urban Developments**

## **Course Outline**

**Fall 2015**

Location: SSC 1059 and via video conference  
Days/Hours: Thursdays from 7-9pm as below

### **Prerequisite checking - the student's responsibility**

Prerequisite(s):  
GEOG 2460F/G (the former Geography 277F/G)  
BUS 257 is strongly recommended.

Antirequisite(s):  
The former GEOG 377F/G, the former GEOG 378F/G, and the former GEOG 333E.

Please consult the calendar for updated information. Unless you have either the requisites for this course or written special permission from your Dean to enroll in it, you may be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.

### ***Instructor Information***

#### **Instructor Information**

Name and title: Joseph D. Shaw, Lecturer  
Contact information: [josephshawcfa@gmail.com](mailto:josephshawcfa@gmail.com)  
Phone: 647-408-2201  
Office hours: Via Owl or Cell  
Fridays 8-9 PM or by appointment  
Course webpage: Posted via WebCT

## ***Course Syllabus***

### Description

The object of the course is to provide students with practical applicable commercial property valuation skills and the ability to conduct financial feasibility analysis. This quantitatively heavy course will expose students to the three major valuation approaches, development proformas and the financial component of lending. It will develop a student's ability to conduct direct research on the financial factors that drive income-producing real estate's profitability and require interaction with industry practitioners.

### Objectives

The objective of the course is to understand the economics of, and financial metrics used in the analysis of real estate investments, debt and capital markets; to introduce students to the principal concepts and theories in real estate investment and finance building on the student's academic background in investment analysis; and to understand the drivers of a commercial property's net operating income and hence its value.

## ***Course Materials***

### Course readings

The textbook for the course will be Peter Linneman's "Real Estate Finance and Investments: Risks and Opportunities" Edition 3.1. Linneman Associates, Philadelphia, PA, 2013. This book will be available at the Campus Bookstore. A financial calculator (with time value of money functionality) is required at every class.

Students are expected to have read the readings before class and be ready to discuss and debate them in the lectures. See the schedule below for mandatory readings. Additional suggested readings for the course are listed as below:

Brooks, Michael J. 2006. Canadian Real Property -Theory and Commercial Practice

Deloitte REIT Guide. Deloitte and Touche

## Approach

The course is run as a series of weekly lectures, almost all delivered remotely.

Class	Date	Content	Pre-Readings
1	Thursday, Sept 10th	Course overview, expectations, class conduct, overview of real estate property and capital markets	Chapters 1 and 2
2	Thursday, Sept 17th	Basic time value of money  Leases: gross vs. net, reimbursements, rights, options, NER  Office Lease	Pre-requisite I  Chapter 3
3	Thursday, Sept 24th	Net Operating Income and Cash Flow	Chapter 4, Sup A
4	Thursday, Oct 1st	3 approaches to value, cap rates, DCF, IRR, NPV, Discount Rate, modeling	Pre-requisite II  Chapters 5 and 6
5	Thursday, Oct 8th	Applying IRR, NPV and DCF to CRE; understanding and pricing risk; selection between competing opportunities  Exiting investments	Supplemental 1  Chapters 7 and 16, Sup A, B, C
6	Thursday, Oct 15th	Midterm  3 Hours, Closed Book	
7	Thursday, Oct 22nd	1. Review Midterm  2. Basic Real Estate Finance – the underwriting process  3. Debt, underwriting metrics and approaches  4. CMBS	Chapter 12  Pre-requisite III  Chapters 13 and 14, Sup A & B  Supplemental II
8	Thursday, Oct 29th	Fall Study Week	
9	Thursday, Nov 5th	Real Estate Capital Markets  Securitization of real estate equity and debt; corporate debt; capital market valuation and public/private market arbitrage	Chapters 10, 17, Sup A & B and 18, Sup A & B
10	Thursday, Nov 12th	Corporate Real Estate  Lease vs. buy analysis; outsourcing, property	Chapters 19 and 21

		management Ethics	
11	Thursday, Nov 19th	Real Estate Cycles Review of post Mid-Term material	Chapter 20, Sup C
12	Thursday, Dec 3rd	Submission of Case Case Presentations	
	TBD	Final Exam 3 Hours, Closed Book	

## ***Methods of Evaluation of Assignments***

### **Methods of Evaluation of Assignments**

The course has 5 components: Class Participation, Mid-Term, Case Study and Presentation, and Final as follows:

**(a) Class Participation.** Class participation is worth 10% towards the final course grade.

**(b) Mid-Term Exam.** The final is worth 30% towards the final grade. The tests will be short answer and multiple choice and survey material from the readings and class discussion.

**(c) Individual Case Study.** The case study is worth 20% towards the final course grade. The term essay is a mini-research exercise. The objective of this exercise is to provide a learning experience for students to conduct practical research and to professionally analyze a commercial property development.

**(d) Presentation.** Learnings from the case study will be shared in a short presentation to classmates. This presentation represents 10% of the final grade.

**(e) Final Exam.** The final is worth 30% towards the final grade. The tests will be short answer and multiple choice and survey material from the readings and class discussion.

In sum, the breakdown of the course grades is given as follows:

<b>Grading scheme</b>	<b>Grade</b>	<b>Date due</b>
Class participation	10%	NA
Mid-Term	30%	October 15th
Case Study Submission	20%	December 3rd
Presentation of Case Study	10%	December 3rd
Final	30%	TBA

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Students are responsible for the content of any lectures that they have missed. The material will not be re-taught.

Late assignments will be penalized at 10% per day, including weekends. Assignments more than a week late will not be graded.

The case study and presentation slides are to be submitted to Mr. Shaw to his email address ([josephshawcfa@gmail.com](mailto:josephshawcfa@gmail.com)).

Requests to have an assignment re-read, re-checked, or re-graded must normally be made no later than two business days following return of the assignment, and must include a brief written explanation. The instructor reserves the right to adjust the grade both upward and downward, where appropriate.

For UWO Policy on Accommodation for Medical Illness and a downloadable SMC see:

[http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/accommodation\\_medical.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/accommodation_medical.pdf)

Students seeking academic accommodation on medical grounds for any missed tests, exams, participation components and/or assignments worth 10% or more of their final grade must apply to the Academic Counselling office of their home Faculty and provide documentation. Academic accommodation cannot be granted by the instructor or department.

## ***Additional Statements***

### **Statement on Use of Electronic Devices**

No electronic devices will be allowed during tests and examinations.

### **Statement on Academic Offences**

Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site:

[http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/scholastic\\_discipline\\_undergrad.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/scholastic_discipline_undergrad.pdf).

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted for such checking will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com (<http://www.turnitin.com> ).

Computer-marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating.

### **Mental Health**

If you or someone you know is experiencing distress, there are several resources here at Western to assist you. Please visit the site below for more information on mental health resources:

<http://www.uwo.ca/uwocom/mentalhealth/>.

### **Western's commitment to accessibility**

The University of Western Ontario is committed to achieving barrier free accessibility for persons studying, visiting and working at Western.

Please contact the course instructor if you require material in an alternate format or if you require any other arrangements to make this course more accessible to you. You may also wish to contact Services for Students with Disabilities (SSD) at 661-2111 x 82147 for any specific question regarding an accommodation.

### **Support Services**

Registrarial Services: <http://www.registrar.uwo.ca/>

Student Development Services: <http://www.sdc.uwo.ca/>