

Syllabus for MA 385

Global Management, China Real Estate

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Spring 2015

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Office Hours: See Canvas.

Course Website: Canvas.

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Class meetings: Tuesdays 6-9PM, CBA 4.334. One additional course meeting after Spring Break (most likely Tuesday 4/7).

1 Course Description

The course (as well as the study trip) focus on Commercial Real Estate, in China, one of the fastest-growing economies and property markets in the world.

The course will approach the topic from a **Real Estate Finance** perspective, with Chinese Commercial Real Estate as one investment component in a widely internationally diversified multi-asset-class portfolio, as well as within an internationally diversified Commercial-Real-Estate portfolio.

We will begin by studying / reviewing general theories for Commercial Real Estate investment, as well as for portfolio diversification. After this we will look more deeply into the Chinese market specifically, studying challenges and opportunities faced by international firms in this market. After briefly studying Chinese history, language, and culture, students will then present the firms that we will visit while in China, including challenges and opportunities for these companies and China's place in their overall strategy.

2 Textbook

Commercial Real Estate Analysis and Investments, by David Geltner, Norman Miller, Jim Clayton, and Piet Eichholtz (ISBN 978-1-133-10882-5); I will be referring to this text as *GMCE* in reading assignments, which will be posted at the beginning of every set of lecture slides. This book constitutes the primary text for the course, and is also a handy reference on many real estate topics, in addition to some basic finance theory. It should be a book you will appreciate having on your shelves for a while if you are working in real estate. However, since we are only doing a few chapters out of this book, you may not want to buy it. **I am putting a copy on reserve in PCL.**

Readings are generally meant to supplement what is taught in lectures and to deepen your understanding of the material. Unless otherwise stated, you will not be responsible for material covered only in the textbook and not in class. Caveat: the material covered in class is of course not limited to the content of the slides, but also includes things that are discussed without being on any slides, and any implications thereof.

I do not expect readings to be done by the time a topic is covered in class. The textbook should be your source for deepening your understanding of the material after I have treated it.

3 The Economic Press

You should make a habit of reading the economic press and thinking about articles that are relevant to the course. Every now and then, I will take a few minutes to discuss such an article in class. Should you wish to draw my attention to such an article, which you believe we should discuss, please feel free to do so. Further, frequently reading the economic press will make it easier to find an article that you will want to treat for your group presentation.

4 Other Course Materials

Lecture slides will generally be made available shortly before class. All assignments will be posted on Canvas.

All electronic materials will be available on Canvas. Use Canvas as your primary resource for all electronic materials for the course.

5 Course Requirements and Grading

Each element of the course has the following points value:

Excel Assignment on Portfolio Diversification.	20%.
Presentation of Company.	50%.
De-brief presentation on your Company.	20%.
Participation (in class and on the trip).	10%.

Remember: the *Ceiling Grade* policy on professionalism during the trip also applies (MBA-Global-Experience Course Policy). That means the following: you will be assessed on your professional conduct during the trip, and your course grade cannot exceed your grade for professional conduct during the trip.

There is no opportunity to do *extra credit work* in this course. Your score for the course will be determined only by the requirements above and by the quality output produced for each.

Your final grade will be determined by where your overall score for the course lies in relation to that of your classmates. The final cutoffs between letter grades will be determined by the shape and position of the course distribution. I will follow the guidelines set out by the School with regards to the grade distribution used.

All deadlines are final.

Assignments and Projects These will be completed in assigned groups. There will be a signup circulated later in the semester. The group presentations will take place the last two class meetings before the trip (2/24 and 3/3).

McCombs Professionalism Policy The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the program's experience hinges on this.

Faculty are expected to be professional and prepared to deliver value for each and every class session.

Students are expected to be professional in all respects. Email and Internet are not allowed during lectures. Mobile phones and other electronic devices have to be switched off during class at all times.

The Texas classroom experience is enhanced when:

- Students arrive on time. On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- Students display their name cards. This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- Students minimize unscheduled personal breaks. The learning environment improves when disruptions are limited. Should you have to leave class early, please have the courtesy of letting the instructor know before the beginning of the period and leave quietly so as not to disturb the other members of the class.
- Students are fully prepared for each class. Much of the learning takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- Students attend the class section to which they are registered. Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- Laptops are closed and put away. When students are surfing the web, responding to e-mail, text messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged.
- Phones and wireless devices are either off or completely on silent mode. Any student text- messaging or emailing during class will be asked to leave the class. We've all heard the annoying ringing in the middle of a meeting. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Note also the MBA Global program's general policy on professionalism.

Litmus test: Ask yourself, "Do my actions disrespect the time, ideas, or efforts of others?" If the answer is "No", then ask yourself, "Am I presenting myself in the best way possible?" If the answer to this is "Yes," then you are probably behaving professionally. If not, you will want to reevaluate your actions.

Your professionalism both in- and outside the classroom with respect to the course and instructor will contribute to your participation grade. If appropriate, negative scores in the participation grade are possible.

Computers A computer with a spreadsheet program (most likely Excel) will be required for class meetings and one or more assignments. Please bring these to class, so you can follow along on examples that I do.

6 More Terms and Conditions

Mobile phones or computers of any kind are not allowed in class, except while we are working examples in Excel. Except at those times, if you have such a device with you in class, it must be off and in your bag at all times while class is in session. Failure to comply with this will be considered disruptive behavior and result in expulsion from a particular class session.

Emergencies requiring Course Accommodations If you encounter an emergency for which you would like to request an accommodation, please report this to UT's Student Emergency Services (<http://deanofstudents.utexas.edu/emergency/index.php>). This office will assess your situation and request appropriate accommodations for you.

Students with Disabilities Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>.

Religious Holy Days By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Policy on Scholastic Dishonesty The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://www.mcombs.utexas.edu/BBA/Code-of-Ethics.aspx>. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Campus Safety Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>.

7 Course Outline

1. Review/Intro of Property Investment Analysis, DCF, Pro-Forma, Cap rates.
2. Review of Portfolio Theory. Excel Workshop on portfolio diversification with a Real-Estate focus.
3. (Time Permitting:) Review of Basic Urban and Regional Economics as it pertains to Commercial Real Estate.
4. (Time Permitting:) Very brief introduction to Chinese Culture, History, Language, and Economy. → Guest Speakers.
5. Challenges and Opportunities of China as a Market, for large Investment Companies. → Guest Speakers.
6. Student Presentations on Companies we will be visiting on the trip. **These will take place the last two class meetings before the trip (2/24 and 3/3).**