

REAL ESTATE 358 | URBAN STUDIES 351
INTRODUCTION TO REAL ESTATE AND
URBAN LAND DEVELOPMENT
SPRING SEMESTER 2018

Professor	Steve Bowers
Office	CBA 6.258
Phone	512-470-1075
Email	steven.bowers@mcombs.utexas.edu
Office hours	11 am to 12 pm on Monday & Wednesday and by appointment. Chad Hallmark
Teaching Asst.	Chad.Hallmark@mba18.mcombs.utexas.edu
TA Email	512-350-5007
TA Phone	

COURSE OBJECTIVES

In this course, we will introduce you to the basic principles of commercial real estate. The goal is to give you broad exposure to the financial, legal, and practical aspects of the real estate business, while at the same time introducing you to some of the analytical tools that will enable you to examine and evaluate those markets from a financial perspective.

CLASS ATTENDANCE

ATTENDANCE WILL BE TAKEN.

You may have **TWO UNEXCUSED ABSENCES** for the semester. After that, each absence, regardless of the reason, will cost you **ONE POINT** off of your final average.

You may attend either the 8 AM section or the 9:30 AM section, regardless of the section in which you are enrolled. Both Sections meet in UTC 4.110

TEXTBOOK AND COURSE MATERIALS

Textbook: Selected Chapters from *Real Estate Principles: A Value Approach*, 5th Edition, by David C. Ling and Wayne R. Archer

Note: this is the new 5th Edition of the Textbook that was published last year. I have not done a page by page comparison, but in glancing at the 5th Edition it doesn't appear that there are huge differences from the 4th Edition.

Since the Textbook is expensive, and since I only use a limited number of chapters for this course, I have made those chapters available for purchase as a McGraw-Hill eBook entitled:

Introduction to Real Estate and Urban Land Development.

Here is how to purchase the eBook online:

Go to <https://create.mheducation.com/shop/>

Search for and select the book by its ISBN: **9781307122251**

Additional course materials will be made available via Canvas.

The textbook and the classroom sessions are intended to be complementary, and while it is not compulsory that you will have read the applicable chapters of the textbook prior to each lecture, it is expected that you will read and understand the textbook materials as a part of this course.

FINANCIAL CALCULATOR OR CALCULATOR APP

In order to do the homework problems, you will need a financial calculator capable of performing present value and rate of return calculations with unequal cash flows. If you choose to purchase a calculator, I would recommend one of the following (each of which should be available for under \$30) – HP 10bII+ or a TI BA II Plus.

Since this is 2018, instead of using a financial calculator, I prefer to use the **10bii Financial Calculator App** from **In a Day Development** on my Mac, iPad, and iPhone. There are a couple of other good financial calculator apps out there for the Mac and iOS platforms, as well as for PCs and android devices.

I do not care which way you choose to go – calculator or app. I just find it much easier to work with the app – where you can see the numbers that you have entered into each registry – as opposed to a financial calculator where you have to trust that you have inserted the correct number for each problem's variables.

Note that professors in other finance classes that you take may not be as benevolent or enlightened as I am – they may make you use a financial calculator, not an app. My philosophy, however, is that I am here to help you understand concepts, not to teach you how to use a calculator.

Regardless of which one you chose, it is your responsibility to learn how to work your calculator or app. Take my advice – familiarize yourself with the operation of the calculator and/or app prior to the financial calculation part of the course. You do not want to be trying to figure out how to work your calculator and solve problems at the same time.

MICROSOFT EXCEL

We will also be working with Microsoft Excel, and so a basic familiarity with the workings of Excel – and particularly with the formula builder tool – will serve you well. You can even use Excel for the homework assignments if you so choose.

COURSE REQUIREMENTS AND GRADING

GRADES

I grade on a curve and use the McCombs target mean GPA of 3.4 to 3.6 for an upper division elective course as my guide.

Your grade in this course will be based on your performance on the homework assignments, the midterm examination, an ethics problem analysis, and the final exam.

EXAMS

You will have a midterm exam and a non-cumulative final exam.

The midterm exam will be given during the normally scheduled class time on [Wednesday, March 7th](#).

The midterm exam will cover material discussed up through the previous class session.

You may take the midterm exam with either the 8 AM section or the 9:30 AM section, regardless of which section you are enrolled in.

The final exam will cover material discussed after the cutoff for the midterm exam.

[I will request a uniform final exam time for both sections. There will be a makeup date for those of you who have a good reason why you cannot take the final at the scheduled uniform exam time.](#)

HOMEWORK

There will be five graded homework assignments during the semester. They will be posted Canvas Quizzes.

These assignments will give you a chance to practice using the analytical tools covered in the textbook and in class lectures.

There will also be an ethics problem that will be given as a homework assignment. The problem will require you to write a short analysis of an ethical situation.

WEIGHTING

Percentage allocations are:

Homework assignments (5 x 5%)	25%
Ethics problem	5%
Midterm examination	30%
Final examination (non-cumulative)	40%
Total	100.00%

Note that I reserve the right to take into account your class participation, or lack thereof, along with your overall interest, or lack thereof, in the subject matter of the course in determining your final grade.

TOPIC LIST

Here is a list of the topics for the course in the general order that we will cover them:

Topic	Ling & Archer
Nature of Real Estate and Real Estate Markets	Ch 1
Property Rights	Ch 2
Surveys, Title, and Conveyancing	Ch 3
Contracts & Closing	Ch 13
Time Value of Money	Ch 14
Financing & Commercial Mortgages	Ch 9
Mortgage Calculations & Decisions	Ch 15
Commercial Leases	Ch 22
Real Estate Inv Analysis: Ratios	Ch 18
Real Estate Inv Analysis: NPV and IRR	Ch 19
Real Estate Inv Analysis: Pro forma models	N/A

Appraisals: Cost & Sales Comparison Approaches	Ch 7
Appraisals: Income Approach	Ch 8
Real Estate Equity	N/A
Real Estate Brokers & Ethics	N/A

McCOMBS CLASSROOM PROFESSIONALISM POLICY

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the McCombs Business School 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.

Please remember the following considerations to enhance the classroom experience for everyone:

- ❖ 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.
- ❖ Students are fully prepared for each class. Much of the learning in the Texas BBA program 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 respect the views and opinions of their colleagues. Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- ❖ Laptop use is discouraged. When students are surfing the web, responding to email, instant 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. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a

better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.

- ❖ Phones and wireless devices are turned off. We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. 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.

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/>.

IF YOU ARE AN SSD STUDENT AND ENTITLED TO AN ACCOMMODATION, PLEASE EITHER SEND ME AN EMAIL OR COME BY MY OFFICE SO THAT WE CAN MAKE ARRANGEMENTS TO PROVIDE YOU WITH THE RESOURCES TO SUCCEED IN THIS COURSE.

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, 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>.

YOUR PRIVACY IN CANVAS

Information in Canvas is protected by your UTEID login. **Please be aware that I will use a merged Canvas site for all sections of this course.** This will allow students in other sections to see that you are enrolled in the course and send you email from within Canvas. However, they will not actually learn your email address and no other personal data will be revealed through Canvas. If you have any concerns, please contact the ITS Help Desk at 512-475-9400 for help removing your name from view of other students.