

## **North American Real Estate Field Course - 1231.9999.01** **May 2014**

### **Academic Lecturer**

Mr. Saggi Katz

[saggi@post.tau.ac.il](mailto:saggi@post.tau.ac.il)

### **Professional Coordinator**

Mrs. Ravit Huberfeld

[ravith@post.tau.ac.il](mailto:ravith@post.tau.ac.il)

### **Course Overview**

This is a hands-on course aimed to provide students with up-to-date knowledge on various aspects of real estate theory and practice as applied to the North American Canadian real estate market. The course will provide real life learning experience from Canada's most notable financial, legal, development, business, research, policy and government firms. The course will be based on academic and professional lectures, site tours and business case presentations by banks, brokers, real estate developers, pension plans, REITs, law firms and more.

A number of academic lectures will be given in Israel, to serve as an introduction to the course. Then, students will travel (all expenses paid) to Toronto, the second largest real estate market in North America, and spend a week meeting the various real estate players in the Canadian real estate market. Returning to Israel, students, in groups of two, will need to submit a project report that will include an analysis of a newly proposed real estate venture using the knowledge and tools they obtained in the field course. Students will present and discuss their projects in a class discussion that will follow.

### **Learning Objectives**

- To provide a real life real estate learning experience, with particular focus on the North American real estate market
- To explore the global real estate market.
- To provide knowledge and tools that can be applied to the Israeli real estate market.

### **Prerequisites**

Students are required to have completed an introductory finance course and at least one real estate course: real estate finance or real estate development. In addition, they are expected to be fluent in English.

### **Enrollment Requirements**

The intended audiences of this course are outstanding students with a background and / or an interest in real estate. There will be an enrollment process for the course which will include a personal interview, a review of the courses previously taken by the student with an emphasis on real estate courses.

### **Course Materials**

All relevant course materials will be posted on the course website at:

<http://moodle.tau.ac.il>.

The course will use materials from the following two textbooks:

- Commercial Real Estate Analysis & Investments by Geltner and Miller, 2nd ed., 2007 (henceforth GM).
- Real Estate Finance & Investments by Brueggeman and Fisher, 14th ed., 2011 (henceforth BF)

### **Course Requirements and Grading**

- Mandatory participation in classes and site tours.
- Project report (100% of the grade) in groups of two students.
- Class presentation and discussion of the students' projects.

## **Tentative Course Program**

***The following course program is tentative; the order of the topics might change. A detailed course program and itinerary will be published later on.***

The program will start with introductory lectures held in Israel, describing the course outline, theoretical aspects of real estate markets and investments, requirements and ground rules of the course and the project report requirements.

After that, students will travel to Canada and participate in the field program described below (the program will include time off for recreational activities).

Returning to Israel, students will need to write a project report, which they will present and discuss in class.

<b>Topic</b>	<b>Description</b>	<b>Readings</b>
<b>#1</b>	<b><u>Introductory Lectures (Israel)</u></b> Course outline, requirements and ground rules of the course, theoretical aspects of real estate markets and investments and the project report requirements	TBA
<b>#2</b>	<b><u>Market Analysis and an Overview of the Canadian Market</u></b> Economic overview; retail and office investment and leasing markets (new developments, prices, vacancies, supply and demand); residential market.	GM: <i>Ch. 1-2</i>
<b>#3</b>	<b><u>Real Estate Research</u></b> Introduction to research platforms; commercial real estate research overview; residential development overview; research process, market reports & statistics; performance tracking.	GM: <i>Ch. 6</i> BF: <i>Ch. 11</i> (p. 345-351)
<b>#4</b>	<b><u>Real Estate Financing and Debt Markets</u></b> Overview of the Canadian debt market; types of mortgages, mortgage basics; financing methods in North America; financing a real estate developer; financing a real estate investor; bank financing, institutional financing, etc.	GM: <i>Ch. 16-20</i> BF: <i>Ch. 12</i> BF: <i>Ch. 16-17</i>
<b>#5</b>	<b><u>REITs and Real Estate Capital Markets</u></b> Overview and history of the Canadian REIT market; rationale for investing in REITs; performance of REITs; financial profile of Canadian REITs; REIT valuation; management structures of REITs, financial highlights & performance; growth strategy; managing a real estate portfolio; REIT case studies.	BF: <i>Ch. 21</i>

#6	<p><b><u>Real Estate Development and Investment</u></b></p> <p>Case studies and site tours of various properties and projects; strategy; investment analysis; financial highlights &amp; performance; tenant analysis &amp; operations; asset management; etc.</p>	<p>GM: <i>Ch. 7</i> GM: <i>Ch. 10-12</i> BF: <i>Ch. 11</i></p>
#7	<p><b><u>Real Estate Investing from a Pension Plan Perspective</u></b></p> <p>Real estate allocation; total portfolio approach; investment criteria; managing a real estate portfolio; opportunities &amp; challenges.</p>	<p>BF: <i>Ch. 22</i></p>
#8	<p><b><u>Real Estate Transactions from a Legal Perspective</u></b></p> <p>Foreign investors in Canada; structure and acquisition vehicles; offers to purchase and agreements of purchase and sale; due diligence; closing real estate transactions.</p>	<p>BF: <i>Ch. 1-2</i></p>
#9	<p><b><u>Final Project Presentations and Discussion (Israel)</u></b></p> <p>Presentations and class discussions of the various project write-ups</p>	

## **Project Report Write Up**

**Suggest a new real estate venture by a (new or existing) Israeli firm using the knowledge and tools obtained in the field course.**

The venture could be a residential development project, a new regional mall, an acquisition of an office building, a new system for managing a real estate portfolio, a new marketing scheme for a real estate project, etc.

The report should not exceed 5 typed (double-space, font 12) pages (plus appendices – if required). In your answer:

1. Outline the development of a new real estate venture (location, strategy, building plans, development stages, marketing, sources of financing, types and projected quantities of outputs, etc.) over a period of 3-4 years. (35%; 1-2 pages)
2. Explain and analyze, within the context of the new venture that you present here, why your ability to obtain good estimates on market variables such as prices, vacancies, demographics, building costs, absorption rate, supply and demand, and the conditions of the local economy, is essential to your analysis. Your answer should include a qualitative assessment and a short quantitative analysis. (40%; up to 2 pages)
3. List the government policies, legal issues, geo-political environment and eco-system effects that are important to the success of your venture and explain how they are related to your venture. (25%; up to 1 page)

### **Important notes for the project:**

- You should provide a reference list. List the precise references of your data and other external information.
- Provide cost and revenue data and analysis.
- Sound strategy should have alternatives.
- Assess the market structure of your venture, describe the players in the market, the direct competitors of your venture, their barriers to entry, etc.