

UNIVERSITY OF GEORGIA
TERRY COLLEGE OF BUSINESS
DEPARTMENT OF INSURANCE, LEGAL STUDIES & REAL ESTATE

REAL ESTATE INVESTMENT

COURSE ID: *REAL 5090*
SEMESTER & YR: *Fall 2009*
CLASS TIME: *11:00-12:15 T&Th*
CLASS LOCATION: *Caldwell 304*
E-MAIL: *cdehring@terry.uga.edu*

PROFESSOR: *Carolyn A. Dehring*
OFFICE: *212 Brooks Hall*
OFFICE HOURS: *Th. 2:00-3:30pm*
or by appt.
PHONE: *706-542-3809*
WEB SITE: *elc.uga.edu*

COURSE DESCRIPTION:

This course focuses on the quantitative techniques for analyzing equity investments in real estate. Emphasis is placed on the effects of financial leverage and taxation on investment performance. These are addressed at the single property and portfolio levels. Students must analyze the investment performance of a REIT and its sector.

COURSE OBJECTIVES:

This class develops techniques for analyzing equity investments in real estate. Most of the course focuses on investment analysis from the single property perspective. The last section of the course considers real estate portfolios. Main topics include the economics of investments, return measures, the implication of financial leverage and taxation for investment performance, portfolio theory and REITs. This class is intended to provide the background for students to become real estate financial analysts in various sectors. Prerequisite: REAL 4000.

GENERAL TOPIC OUTLINE:

The Economics of Investments
Real Estate Markets & the Real Estate System
Present Value Math for Real Estate
Investment Returns
DCF and NPV
Discount rates
The effect of leverage
The effect of taxes
REITs
Portfolio theory and asset pricing

REQUIRED TEXT:

Commercial Real Estate Analysis and Investments. Geltner, Miller, Clayton, and Eichholtz. Thomson South-Western (2007) Second edition.

OUTSIDE READINGS:

Several outside readings will be assigned throughout the semester. The first, an investment tutorial, is indicated in the course schedule, and will be accessible through the course website. I will also post current event articles to the website, as well as miscellaneous readings which are relevant to the course.

3 HOUR COURSE REQUIREMENTS:

1st Midterm	Tue. Sept. 15th	20%
Quiz	Tue. Oct. 6th	10%
2nd Midterm	Thurs. Nov. 19th	20%
Final Exam	Fri. Dec. 11th 12:00 pm	30%
REIT Project		20%
FINAL GRADE		100%

EXAM POLICY:

Make-up exams will not be given. If you are unable to take an exam or quiz at the scheduled time, you will need to discuss it with me before the scheduled exam. If your absence is approved by me, your final exam score will be used as the score of the missed exam. That is, the weight on the final will equal the sum of the weight of the final and any missed exams. If you miss an exam for which I did not approve your absence in advance you will receive a zero for the exam score.

PRACTICE PROBLEMS:

I will provide the solutions to practice problems from the text. These numerical problems provide opportunities for you to test your knowledge of the material and to better prepare you for the exams. I strongly suggest you attempt these problems as we move through the material, even though we will work some of these in class together. The conceptual questions at the end of each chapter are also good way to self-test your comprehension of the material.

REIT PROJECT:

A REIT project to be completed in groups will be assigned on Thursday October 8th. You will analyze a REIT and present your findings to the class. There will also be a written report due at the time of your presentation.

COURSE WEB PAGE:

This course is listed on elc. To access the website for the course, simply login <https://www.elc.uga.edu/>

I will use the website to post readings and to provide practice problem solutions.

CLASSROOM CONDUCT:

I will be on time for class. Please try to do the same. Please let me know if you plan on leaving early. I do not have an attendance policy for this course. If you miss class for any reason it is your responsibility to get notes from another student.

ACADEMIC HONESTY:

UGA's Student Honor Code:

*"I will be academically honest in all of my academic work
and will not tolerate academic dishonesty of others."*

You are responsible for maintaining the highest standards of honesty and integrity in every phase of your academic career. I am responsible for upholding the University's academic honest policy and reporting my suspicions of dishonesty to the *Office of the Vice-President for Instruction*. The penalties for academic dishonesty are severe and ignorance is **not** an acceptable defense. You are obligated to be familiar with and adhere to the University's policy regarding academic honesty as outlined in the handbook, *A Culture of Honesty*, which is available from the *Office of the Vice-President for Instruction* or the following website:

<http://www.uga.edu/honesty/index.html>

In particular, please review the policy on plagiarism:

http://www.uga.edu/honesty/ahpd/prohibited_conduct.html#Plagiarism

TENTATIVE SCHEDULE

Dates	Topics	Readings
Aug. 18	Introduction The Economics of Investments	"Investment Decisions: An Economic Tutorial."
Aug 20		
Aug. 25	Real Estate System	GMCE Chapter 2
Aug. 27	Math for real estate	GMCE Chapter 8
Sept. 1		
Sept. 3	Investment Returns	GMCE Chapter 9
Sept. 8		
Sept. 10	DCF & NPV	GMCE Chapter 10
Sept. 15	Midterm 1	
Sept. 17	TBA	
Sept. 22	Discount rates	GMCE Chapter 11 section 11.2
Sept. 24	The effect of leverage	GMCE Chapter 13
Sept. 29	Income tax considerations	GMCE Chapter 14
Oct 1		
Oct 6	Quiz	
Oct 8	REIT assignment	
Oct. 13	REITS	GMCE Chapter 23
Oct. 15		
Oct 20		
Oct 22		
Oct 27		
Oct 29		
Nov 3	Real Estate and Portfolio Theory	GMCE Chapter 21
Nov 5		
Nov 10	Asset Pricing, Risk and Return	GMCE Chapter 22
Nov 12		
Nov 17		
Nov 19	Midterm 2	
Nov 24	THANKSGIVING BREAK	
Nov 26	THANKSGIVING BREAK	
Dec 1	REIT presentations	
Dec 3	REIT presentations	
Dec 11	Final exam 12:00 – 3:00 pm	Same room