



School of Urban and Regional Planning

SURP 844: Real Estate Planning and Development

Winter 2023

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Session Time: Thursdays, 1130 am – 220 pm
Session Room: TBD
Office Hours: By Appointment

DRAFT Overview of the Course

The primary aim of this course is to prepare planning students to work with real estate developers in a variety of situations: as consultants, as planners in municipal planning departments, or employed by developers directly. This is achieved broadly by promoting an understanding of the structure of commercial real estate markets, the process of real estate development, and the techniques of real estate project planning and feasibility analysis. This course emphasizes methods and procedures of site assessment, market analysis and financial analysis of proposed property developments, *i.e.* the various key stages of a developer's planning and decision-making. The focus of this course is on the development of new income-generating properties, rather than the analysis of the potential acquisition of existing real estate assets (covered in SURP 841). A range of the most common property types encountered in practice are covered, including multi-unit residential, office, retail, and industrial. This course addresses the analytical tools employed in the two distinct steps that comprise feasibility evaluation: 1) market analysis and 2) financial feasibility. Through lectures, guest lectures, class exercises, case studies and a project based on a simulated development, students will have the opportunity to learn methods of market and feasibility analyses and their application to actual projects.

Objectives

1. To provide the theoretical and empirical background to commercial real estate markets.
2. To explain the development process, project planning and the developer's decision-making process.
3. To promote a practical understanding of real estate project analysis techniques and their application.

Course Materials

Required Textbook:

Brooks, S. Michael. 2016. Canadian Commercial Real Estate: Theory, Practice, Strategy. REALPAC. Available at: <https://emond.ca/Store/Books/Canadian-Commercial-Real-Estate-Theory-Practice-St?r=%2FDivision%2FLegal-Practice%3Fpage%3D5>

Required Cases:

Case studies and readings from Harvard Business School will be employed. These can be purchased at: (link to be provided) at an approximate cost of \$50 USD.

Other Required Readings:

To be posted on Queen's D2L in pdf format.

Other Materials:

Required: Students will need a financial spreadsheet software package such as Microsoft Excel. These are typically available for free through Queen's University for students and faculty. Either the web-app (browser) version or desktop version (downloaded onto your computer) are acceptable, though students may find it easier to use the desktop version. Mac has a program similar to Excel called Numbers. This program is not recommended as it is almost never used in industry.

Optional: Students may find it useful to use a financial calculator. A physical calculator can be purchased at the bookstore, a phone app (such as the 10bii Financial Calculator by K2 Cashflow, Inc.) can be used, and several free online options exist.

Schedule:

1. January 12 **Part 1: Introduction to the course**

 Part 2: Lecture. *Canadian Commercial Real Estate: Investment Context*

 Readings:
 - Brooks (2016). Chapter 1.
2. January 19 **Part 1: Lecture.** *Fundamentals: Real Estate Economic Principles*

 Part 2: The Time Value of Money

Readings:

- Brooks (2016). Chapter 2.
- Harvard Business School. 1976. *Cash Flow and the Time Value of Money*. Case Note 9-177-012 (from HBS coursepack)

3. January 26 **Part 1: Lecture.** *Property Rights in Canada: Title and Tenure*

Part 2: Speaker (TBD)

Readings:

- Brooks (2016). Chapter 3.
- Learning by the case method (from HBS coursepack)

4. February 2 **Part 1: Lecture.** *Planning, Zoning, Land Use Regulation*

Part 2: Case 1 – Revere Street

Readings:

- Brooks (2016). Chapter 4.
- Revere Street (from HBS coursepack)

5. February 9 **Part 1: Lecture.** *Sustainability in Real Estate*

Part 2: Speaker (TBD)

Part 3: Case 2 - 503 Cricket Road

Readings:

- Brooks (2016). Chapter 5.
- 503 Cricket Road (from HBS coursepack)
- Trendota et al. *Who Cares about Condominium Sustainability?* Working Paper.

6. February 16 **Part 1: Lecture.** *Introduction to Real Estate Finance and Investment*

Part 2: Speaker (TBD)

Part 3: Discussion of Final Project

Readings:

- Brooks (2016). Chapter 6.
- Poorvu, William J. and Samuel Plimpton. 2003. *Financial Analysis of Real Property Investments*. Harvard Business School Case Note 9-379-193

No class the week of February 21-24 (reading week).

7. March 2 **Part 1: Lecture.** *Valuation and Advanced Real Estate Finance*

Part 2: Case 3 - Prospect Hill

Readings:

- Brooks (2016). Chapter 7.
- Prospect Hill (from HBS coursepack)

8. March 9 **Part 1: Lecture.** *Acquisitions and dispositions: Issues and strategy.*

Part 2: Case 4 - Concord Center

Readings:

- Brooks (2016). Chapter 8.
- Concord Centre (from HBS coursepack)

9. March 16 **Part 1: Lecture.** *Leasing: Economics and Strategies.*

Part 2: Case 5 – Diamond Developers: Replicating the Sustainable City

Readings:

- Brooks (2016). Chapter 9.
- Diamond Developers (from HBS coursepack)

10. March 23 **Part 1: Lecture.** *Mortgage Financing: Issues and Strategies*
- Part 2: Speaker (TBD)**
- Part 2: Case 6 – Dream: Impact through Real Estate**
- Readings:
- Brooks (2016). Chapter 10.
 - Dream (from HBS coursepack)
11. March 30 **Part 1: Lecture.** *Acquisitions and dispositions: Issues and strategy.*
- Part 2: Case 7 – Nehemiah Strategy**
- Readings:
- Brooks (2016). Chapter 11.
 - Nehemiah Strategy (from HBS coursepack)
12. April 6 **Part 1: Lecture.** *Portfolio and Asset Management.*
- Part 2: Case 8 – Highlands’ Garden Village**
- Readings:
- Brooks (2016). Chapter 12.
 - Highlands’ Garden Village (from HBS coursepack)

Assignments and Evaluation

1. Case Study Summary

Each student is required to submit a summary of 6 (of a total of 8 available) cases discussed in class. Collaborative work is permitted, but each student must hand in an individual summary that reflects their own thoughts, analysis, and conclusions. Students will receive guidance on how to prepare for cases effectively.

- 3 pages (double spaced) maximum, plus appendices (spreadsheets).
- Submitted electronically prior to the commencement of each class with a case study.
- Late submissions are not accepted.
- Students may elect to submit 7 or 8 cases. The top 6 grades will be counted to determine a final course grade.

Case study summaries account for 40% of the final grade.

2. In-Class Participation

Class discussion is a fundamental component of learning via the case method, and through ad-hoc in-class discussions. The instructor will assign a grade based on each student's reasoned and constructive participation. Preparation for each class is essential, as this allows constructive participation and insightful comments.

In-class participation accounts for 20% of the final course grade.

3. Feasibility Analysis for a Potential Development

The purpose of this project is to apply the course's learnings to the real world through a hands-on project. Working in pairs, students will carry out a comprehensive and detailed feasibility project on an actual site anywhere in Canada. There are two principal components of this analysis:

1. A market analysis
2. A pro-forma financial feasibility analysis.

Further instructions will be provided in class.

- Submitted electronically by April 21st, 2023 at noon.
- Submission to include a written component, and a live version of an excel file, set up to do calculations automatically.
- Late submissions are accepted with a penalty of 5% per day.

Academic Integrity

Students are encouraged to discuss the course material with each other and to assist one another with assignments. However, answers, conclusions and recommendations that a student submits for an individual assignment must be the result of that student's individual effort. It is your responsibility to avoid making all aspects of your work products available to any other student. Failure to meet these criteria could result in charges of academic dishonesty that will be vigorously pursued by the university. For the university's policies on academic integrity, please see <http://www.queensu.ca/academicintegrity/>

Health and Accessibility Accommodation

Queen's University is committed to an inclusive campus community with accessible goods, services, and facilities that respect the dignity and independence of persons with disabilities. Please contact the instructor should you be in need of accessibility support. Should you

experience any complications due to health, illness or personal circumstances that may impede your learning in this course, please consult with the various support services available at Queen's and talk in confidence with your instructor for assistance with referrals. All of these services, and accessibility support, are provided by Student Wellness Services:
<http://queensu.ca/studentwellness/>.