

# Course Outline

<b>Course Code</b>	<b>RSM484H1   L5101</b>
<b>Course Name</b>	Real Estate Finance and Investment
<b>Term, Year</b>	Winter, 2024
<b>Course Meets</b>	Thursday evenings from 5:00 – 7:00 p.m. WO
<b>Web page URL</b>	<a href="https://q.utoronto.ca">https://q.utoronto.ca</a>

## Instructor Details

<b>Name</b>	<b>Email</b>	<b>Phone</b>	<b>Office Hours</b>
Joseph Shaw Instructor	josephshawcfa@gmail.com	647-408-2201	By appointment, Fridays 5pm to 7pm
Stephen Chow Teaching Assistant	stephenshc.chow@gmail.com	647-629-7705	By appointment, Thursdays 7pm- 8pm

## Course Scope

To help students to understand the economics of, and financial metrics used in the analysis of real estate investments and capital markets; to introduce students to the principal concepts and theories in real estate investment and finance-based investment analysis building on the student's academic background in investment analysis; and to understand the drivers of a commercial property's cash flows and value.

## Mission and Learning Outcomes

The objective of the course is to provide students with practical commercial property valuation skills and the ability to conduct acquisition underwriting. This quantitatively heavy course will expose students to the three major valuation approaches (sales comparison approach, cost approach, and income capitalization approach), cash flow pro-forma modeling and the financial impact of leverage from a lender and borrower perspective. It will develop a student's ability to conduct direct research on the financial factors that drive income-producing real estate's profitability and apply sensitivity analysis. This course will involve interaction with industry practitioners through a real-world assignment.

## Course Prerequisites

Prerequisite: ECO204Y1/ECO206Y1,  
ECO220Y1/ECO227Y1/(STA220H1,STA255H1)/(STA237H1,STA238H1)/(STA257H1,STA261H1), RSM332H1

Corequisite: RSM333H1 If you drop course RSM333 (the co-requisite) during the academic term, you must also drop this course. Contact Rotman Commerce Academic Program Services for academic advising if needed.

Exclusion: RSM380H1

Contact Rotman Commerce Academic Services for academic advising if needed.

## Course Materials

### Required Readings

The textbook for the course will be Real Estate Finance & Investments – International Student Edition, 17th Edition by William B. Brueggeman and Jeffrey Fisher, 2022, published by McGraw Hill. ISBN: 1264892888 · 9781264892884

This book is available online through McGraw Hill and at the Campus Bookstore.

Students are expected to have completed the readings before class and be ready to discuss and debate them during lectures. See the schedule below for mandatory readings.

### Required Technology

A financial calculator (with time value of money functionality) is required at every class.

## Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade on the basis of how well they have command of the course materials, skills and learning objectives of the course.

<b>Work</b>	<b>Percentage of grade</b>	<b>Due Date</b>
Mid-Term Test	30%	February 29
Group Presentation	10%	Mar 28 <sup>th</sup> & April 4
Group Submission	20%	April 4
Final Term Test	40%	TBD

## Course Format and Expectations

The course has 3 main components: Mid-Term, Case Study Submission and Presentation, and Final.

**Mid-Term Test.** The test is worth 30% towards the final grade. The test will be multiple choice, true/false or short answer and survey material from the readings and class discussion.

**Group Case Study.** The case study is worth 30% towards the final course grade. The case study is a mini-research exercise applying academically learned concepts to the real world. The objective of this exercise is to select and analyze an income-producing commercial property using a professional approach. The group will present their learnings from the case study in a short presentation to classmates (10%) and submit a written evaluation of the potential investment (20%).

**Final Assessment.** The final is worth 40% towards the final grade. The assessment will survey material from the readings and class discussions.

Students are responsible for the content of any lectures that they have missed. The material will not be re-taught.

The case study and presentation slides are to be submitted by email to both Joseph & Stephen.

## Writing Assignments or Presentations

The Case Study is intended to help you develop your communication skills. How well you communicate your ideas, in writing or orally, will be considered in the evaluation of the assignment. In your written assignments, you should aim for clarity, strong organization, concision, professionalism, and correct grammar. Your presentations should reflect strong

planning and organization, clarity of speech, and an engaging demeanour. Sources, whether in written or presentation assignments, should always be correctly attributed.

Support is available through the RC Centre for Professional Skills (CPS) for students who would like help or feedback on their writing or speaking (presentations). CPS offers both individual and group appointments with trained writing instructors and presentation coaches who are familiar with the RC program and common types of business assignments. You can also access your college Writing Centres for help with written assignments.

You can book an appointment with a writing or presentation coach through the RC Centre for Professional Skills Writing Centre. For more information about writing centres, student supports, and study resources, see the [Writing and Presentation Coaching academic support page](#).

## Team or Group Assignments

The Case Study requires students to work in teams of 2-4. Learning to work together in teams is a crucial transferrable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

## Missed Tests and Assignments

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration **within 2 business days** of the missed midterm/test/assignment due date.

In such cases, students must:

1. Complete the Request for Special Consideration form: <https://uoft.me/RSMConsideration>
2. Provide documentation to support the request, eg. Absence Declaration from [ACORN](#), medical note etc.

**Please note:** As of September 2023, students may use the Absence Declaration on ACORN **\*one time per term\*** to report an absence and request consideration. **Any subsequent absence will require a [Verification of Illness form](#) or other similar relevant documentation.**

Students who do not submit their requests and documentation within 2 days may receive a grade of 0 (zero) on the missed course deliverable.

Missed tests or case study presentations due to circumstances beyond your control will result in a re-weight (other grading components will be reweighted to 100% of the total grade) upon verification of illness or injury to Rotman Commerce. No make-up will be given for a missed component.

## Late Assignments

All assignments are due at the beginning of class on the date specified in the course outline. Late submissions will normally be penalized by 10% if the assignment is not received on the specified date, at the specified time. A further penalty of 10% will be applied to each subsequent day.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

## Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

## Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or visit the [Accessibility Services website](#) for more information as soon as possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

## Generative AI / ChatGPT

The use of generative artificial intelligence tools or apps for assignments in this course, including tools like ChatGPT and other AI writing or coding assistants, is prohibited. The knowing use of generative artificial intelligence tools, including ChatGPT and other AI writing and coding assistants, for the completion of, or to support the completion of, an examination, term test, assignment, or any other form of academic assessment, may be considered an academic offense in this course. This course policy is designed to promote your learning and intellectual development and to help you reach course learning outcomes.

## Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

#### On test and exams

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

#### Misrepresentation

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the procedures outlined in the [Code of Behaviour on Academic Matters](#). If you have any questions about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

## Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

## Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are exempted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to

“publish” them in any way. It is forbidden for a student to publish an instructor’s notes to a website or sell them in any other form without formal permission.

## Weekly Schedule

Session	Dates	Topics	Pre-Readings
1	Jan 11	Course overview, expectations, class conduct, overview of real estate property and capital markets  Basic Legal Framework	Chapter 1
2	Jan 18	Time value of money  TVM Assignment	Chapter 3
3	Jan 25	Income-Producing Real Estate – Revenue & Leases  Realpac Sample Lease	Chapter 9
4	Feb 1	Valuation	Chapter 10
5	Feb 8	Investment Analysis and After-Tax thinking	Chapter 11
6	Feb 15	Risk	Chapter 13
7	Feb 22	Reading Week – No Class	
8	Feb 29	Midterm - 2 Hours, Closed Book	
9	Mar 7	Renovation/Disposition  Corporate Real Estate	Chapters 14 & 15
10	Mar 14	Leverage and Mortgages  Selection of Case Property Due	Chapters 4 & 12
11	Mar 21	Structuring Real Estate Investments  Investment Performance  Real Estate Funds	Chapters 18, 22 & 23
12	Mar 28	Case Presentations	
13	April 4	Last Class - Case Submissions	
	April 11-30	Final Exam - 3 Hours, Closed Book	

Please note that the last day you can drop this course without academic penalty is March 11, 2024.



## Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)

## URL links for print

- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: [accessibility.services@utoronto.ca](mailto:accessibility.services@utoronto.ca)
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>
- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>