

PRELIMINARY
REAL 444-A Section 81, *Real Estate Development*
Kellogg School of Management
Northwestern University
Winter Quarter 2010
Tuesdays, 6:30-9:30 p.m.
Evanston Campus- TBD

Instructor: Rafael Carreira
E-mail: rcarreira@tjbc.com
(r-carreira@kellogg.northwestern.edu - not checked as frequently)
Phone: 312-441-4110 office

Course overview and goals

The purpose of this course is to provide an introduction and overview of the arena of commercial real estate development in the United States. The target audience includes students not only interested in pursuing careers in real estate development but also students that may participate in the development process as owners, financiers, designers, and/or contractors. The course will include an outline of the commercial real estate development process in the US focusing on typical strategies, challenges, and risks. The basics of development finance and value creation will be incorporated. Typical examples of development projects of various product types will be presented each focusing on particular aspects of the process. Course goals will include:

- The development process from beginning to end
- Understanding value creation- the basics
- Determining market need and analysis
- Navigating the public approval process
- Typical structures for project finance
- Roles of development team-
- Addressing execution steps, risks and challenges

The course will address most aspects of commercial real estate development and try to answer several common questions:

1. How can I evaluate a potential development opportunity?
2. “If I build it, they will come!-Right?”
3. How can I get my project approved by the local municipality.
4. I am just an investor, how should I look at this potential project?
5. Where is the risk in real estate development?
6. How do the typical financial economics work in development deals? How has that changed in the last twelve months?
7. How do you go about successfully executing a project ? What are some common pitfalls.

This course will mix a use of lectured topics using simple analytical tools with examples. Homesets should help students think through certain issues in advance of class. Familiarity with basic microeconomics principles and the time value of money is required.

Text

Real Estate Development: Principles and Process 4th edition Mike E. Miles, Gayle Berens, Mark Epli Published by the Urban Land Institute (ULI) ISBN 0-87420-971-4

Grades

Grades will be based on several factors. The weights for grading are as follows:

Class participation/attendance	20%
Homesets	20%
Take home final exam	60%

Exam

The take home exam will consist of short responses which must be completed on your own without notes or any outside assistance within a fixed amount of time. Target submission date- February 12, 2010 **subject to discussion and change.**

Various Items

- 1) Please try to sit in the same seat for each class.
- 2) Laptops can only be used in the last rows of the classroom.
- 3) Silence your cellphones.
- 4) Class will begin promptly at 6:30. Being late is disruptive.
- 5) Attendance is required. **Please make sure to sign in for each class.** Honor Code.
- 6) Excused absences must be coordinated in advance to the extent possible.
- 7) Homesets- must be turned in at the beginning of class. **Keep a copy for your review during class.**
- 8) Student Liaison- NameTBD_____

Course Outline

Week 1—January 5

Real Estate Development 101

Week 2—January 12

Idea Phase, Site Feasibility & Evaluation, Porter's Competitive Forces in RE,
Public Approvals- Community issues, zoning, impact fees, TIF Districts

Week 3—January 19

Real Estate Development- Finance

Equity

Construction Loan

Week 4—January 26

Leasing, sales, understanding the market

Predevelopment Process- Design, LEED, preparing for construction

Week 5—February 2

Execution- design, construction, management

Case Presentation- 111 S. Wacker or 155 N. Wacker Chicago

Field Trip to visit case study presentation will be scheduled for a Wednesday.
Attendance not required but encouraged.