

**REAL 444-0 Section 81, *Real Estate Development***  
**Kellogg School of Management**  
**Northwestern University**  
**Winter Quarter 2011**  
Tuesdays, 6:30-9:30 p.m.  
Evanston Campus- Location Jacobs TBD

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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 presenting each focusing on particular aspects of the process. Course goals will include:

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

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 projected 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 36 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. Four to six homesets should help students think through certain issues covered in class. Familiarity with basic microeconomics principles and the time value of money is required.

### **Text-**

**Real Estate Development: Principles and Process 4<sup>th</sup> edition** Mike E. Miles, Gayle Berens, Mark Eppli 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%
Final exam	60%

### **Exam**

The take home exam will consist of written responses which must be completed on your own without notes or any outside assistance within a fixed amount of time.

### **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- Name TBD\_\_\_\_\_

## **Course Outline- Preliminary 10/15/10**

### **Week 1—January 4**

Course Overview/ Introductions  
Pre-Development Stage Overview

### **Week 2—January 11**

Entitlement Process  
Design/ Pre Development

### **Week 3—January 18**

Modeling and Proformas  
Project Example Case Presentation

### **Week 4—January 25**

Financing Projects  
Bank Financing of Construction Loans

### **Week 5—February 1**

Marketing  
Sales and Leasing

### **Week 6—February 8**

Sustainable “Green” Development  
Presentation on Sustainable Projects

### **Week 7— February 15**

Construction Process  
Project Example Case Presentation

### **Week 8— February 22**

Product Types- How do they vary  
Project Example Case Presentation

### **Week 9— March 1**

Project Management  
Project Example Case Presentation

### **Week 10—March 8**

Ownership  
Leadership  
Financial Management

*Field Trip to visit a Project Example Case Presentation Project will be scheduled for a Wednesday. Attendance not required but encouraged.*