

REAL 450 – Real Estate Challenge  
Course Syllabus  
Spring Term 2012  
Time: Tuesday, 3:30-5pm CST  
Room: Jacobs TBD

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This course is filled by application through the online experiential learning process. The link to apply is [www4.kellogg.northwestern.edu/el](http://www4.kellogg.northwestern.edu/el). Applications are due by February 20, 2012. The team will be chosen by March 8, 2012.

### Project

The Project for the 2012 Challenge is to act as the master developer of the Lakeside Property, a 600 acre parcel located on Chicago's lakefront on the south side of the city. Kellogg's team will be competing with a team from Booth (University of Chicago) in preparing the analysis. The event this year will be sponsored by Sam Zell, and Mr. Zell will be a judge of the event.

PLEASE NOTE the competition will take place on Wednesday, May 23 during a lunch event in downtown Chicago. This is week 9 of the spring quarter. The report will be due on May 16, week 8 of the quarter. Therefore, the work will be intense and will be condensed over the quarter. If you do not sufficient time or cannot be available on May 23, do not apply to be a part of the Kellogg Challenge team.

The developer will have \$10 million in equity capital to work with. This equity capital may be levered at terms consistent with market conditions. In so doing, each team will focus on maximizing the value for an appropriate level of risk.

- **Proposed Use & Strategy** – Is the proposed use and strategy as the Master Developer compelling?
- **Approach** – Did the Team place themselves in the Master Developer's role and create a compelling and realistic project? Does the Project stand to earn appropriate risk-adjusted returns?
- **Feasibility** – Does the project maximize the value of the site for an appropriate level of risk? Does the plan account for uses that allow the location, tenants, and financing to maximize value?
- **Community** – Does the project fill a need in the community? How attractive is this project to residents of the community, is it well designed? Does the project fit within specifications and desires of the City of Chicago?

- **Financial Viability**– Would equity participants invest in this idea? Are financial assumptions made by the team relevant and reasonable? Is there financial analysis and/or data that were missed?
- **Marketability** – Does the proposed product meet tenant needs? What are the anticipated absorption and vacancy rates for the project? Will the marketing proposed be successful?
- **Implementation** – Will the project fit into the site constraints? Is the plan to carry out realistic? What is the timing of product delivery and how does it maximize value?

The Judges will act as the Developer’s “Investment Committee.” The presentations will inform the Investment Committee on the opportunity.

Sam Zell, Dan McCaffery, of McCaffery Interests, and a third person (to be determined) will be the judges. The team with the most compelling and comprehensive plan will be chosen the Challenge winner.

#### Teaching Method:

The instructors will present a primer, facilitate team discussion and working sessions and primarily independent and team self-study.

#### Evaluation:

Final Paper (30%), Presentation (20%-see Exhibit A), Excel Model (20%), Participation (10%), Peer Review (10%), and Judges Review (10%).

#### Participation:

- Excellent participation means that you have been on time to all classes, sponsor meetings, or team meetings, have routinely volunteered good comments, and have answered questions when the opportunity arises.
- Good participation means that you have mostly been on time or missed only a little time, you have occasionally volunteered comments, and have sometimes answered questions posed. Many of your classmates are aware of your participation and approve of it.
- Poor participation means either that you have missed noticeable amounts of class time, sponsor meetings and team meetings, are coming in late and disrupting, and/or had virtually nothing to say, or you are making annoying comments.

#### Etiquette

The Kellogg Code of Classroom Etiquette has been established, and revised to reflect the experiential learning environment, to assist student and faculty alike to foster appreciation for the learning environment that enhances the learning experience for all students. Attention to the code will add value to the course by creating a more meaningful and constructive discussion. Students, therefore, are expected to demonstrate etiquette based on the following principles:

I. Attendance: Students are expected to attend every class or sponsor meeting throughout the term. As stated above, the course will be completed in a condensed time frame during the quarter, so attendance is expected at all class and team meetings. If unable to attend due to an emergency situation, the student should notify the instructors in advance.

II. Punctuality: Students are expected to arrive on time.

III. Exiting and Entering: Students are expected to remain in the class or meeting for its duration. If a student must depart early due to unavoidable circumstances, the student should inform the instructor prior to the event. Leaving and re-entering the class or meeting is not permitted, except in an emergency.

IV. Disruptive Behavior: Students should demonstrate respect for the professor, sponsor, and fellow students during Lab. Students, therefore, should refrain from distracting behavior such as disruptive eating, using laptops to surf the Web or check e-mail and holding side conversations.

V. Respect the Facilities: Students are expected to help maintain the appearance of the classroom and office. After class students should discard all trash.

VI. Cell Phone and Laptop Use: Cell phone use is prohibited during class or meetings. Laptop use is prohibited except for presenting or with sponsor approval.

### The Kellogg Honor Code

All students enrolled in this course agree to abide by the Kellogg Honor Code. The Kellogg Honor Code governs student conduct pertaining to all academic, placement, and extracurricular activities associated with the Kellogg School of Management. Each student agrees:

Not to seek an unfair advantage over other students, including but not limited to giving or receiving unauthorized aid during completion of academic requirements;  
to truthfully represent fact and self at all times; to respect the property and personal rights of all members of the Kellogg community; and to uphold the Kellogg Honor Code by reporting all material violations, and by fully cooperating with and protecting confidentiality of any Honor Code proceedings.

### Expectations within this Course

Unlike most conventional offerings at Kellogg, this course is:

- Light on lecture
- Heavy on individual leadership

- Dynamic and changing
- Free form and team structured
- Requires use of tools and frameworks from your prior courses without retraining on them (i.e. implementation, not discussion)
- A course where free-riding is highly punitive (Students that "check out" or do not pull their weight will receive a negative grade or incomplete)

If you are looking to lead through applying your skills, experience, and academic training to a real world opportunity, this is an ideal course. The instructors' roles are in arranging the project, structuring the course, providing resources, ensuring the Project is on track, advising where needed or requested, and grading the result.

Enrollment in the course requires acceptance of the terms of this syllabus and verification that you will maintain unconditional support for the Project.

### Course Materials

Readings will be provided by Instructor prior to the relevant session.

### Additional Availability

The best approach to reach us outside of class is email: [william-bennett@kellogg.northwestern.edu](mailto:william-bennett@kellogg.northwestern.edu) and [d-akason@kellogg.northwestern.edu](mailto:d-akason@kellogg.northwestern.edu). We will respond by the next business day. We are also available to meet with students at other times by appointment, which you can make by email. For any urgent issues, please call William (mobile: 512.773.9374).

**EXHIBIT A**  
**Presentation Evaluation:**

Presenting well is critical to your professional success and this course is an ideal opportunity to improve your presentation skills. Preparation for the final presentation should be similar in manner to your preparation for a challenging exam. Key elements of the presentation and a grading guideline are shown in the following chart.

	<b>D, F, or Incomplete</b>	<b>C</b>	<b>B</b>	<b>A</b>
<b>Organization &amp; Content</b> (20%)	Presentation has no logical sequence of information, content is disorganized, irrelevant, or inaccurate	Audience has difficulty following the presentation, unsupported assertions or illogical conclusions	Logical sequence of information allows the audience to follow presentation from introduction through conclusion, assertion support chain evident	Information presented in logical, interesting, and flowing sequence from introduction through conclusion & content depth supports assertions and recommendations
<b>Research, Subject Knowledge, Resources</b> (20%)	Presenter does not have an accurate grasp of information and cannot intelligently answer questions about the subject, plagiarism	Basic knowledge of subject is demonstrated, but elaboration is minimal or presenter fails to answer questions, references missing or limited research	Presenter demonstrates in-depth subject knowledge, is at ease with material, answers questions thoroughly, solid research with cited references	Presenter demonstrates expertise in subject through clear and concise explanation, elaboration, question and answer, and key points delivery. Credible, in-depth, and accurate research and data analysis with cited references that supports presentation
<b>Visual Aids</b> (10%)	Presentation has spelling and grammatical errors, is irrelevant, or difficult to interpret	Limited visual aids support presentation	Presentation has relevant visual aids that provide evidence to support assertions and recommendations	Clear and creative visual aids enhance the presentation, reinforce key points, and engage the audience
<b>Delivery</b> (50%)	Presenter reads slides, mumbles, speaks too quietly, has little to no eye contact, and has many non-word or filler interjections (um, uhh, ahh, well, so, etc.)	Presenter's pace is too slow or fast, jumps around, voice is low or unclear, multiple interjections distract audience, or fails to elaborate on key findings.	Presenter clearly and effectively communicates key ideas, speaking and pace comfortable for audience	Presenter clearly and effectively communicates ideas and engages the audience, concise highlighting of key points is engaging



