



The Leon Recanati Graduate School of Business Administration

1231.3371-Real Estate Development

(Parallel Requirement: Principles of Finance)

Fall Semester – 2021/22

Group	Day	Time	Exam date	Lecturer	E-mail	Telephone
			No exam	Mr Lior Mor	Lior76mor@yahoo.com	

Reception hours: By appointment

Scope of studies

1 semester unit

1 semester unit = 4 ECTS (European Credit Transfer and Accumulation System), the point value of the course at institutions of higher education in the world that are part of the Bologna Process.

Course description

The course is based on a combination of academic lectures and guest lectures in which we will analyze businesses / entrepreneurial projects based on theoretical and business events that were carried out in practice. Therefore, class attendance is mandatory, all reading material must be perused before the class, and assignments must be completed.

The course focuses on how the entrepreneurs and the investors try to create added value from real estate transactions.

In the course we will examine the real estate entrepreneurial process: how entrepreneurs think, how projects are created, constructed and completed, the problems that are likely to arise during the course of the project and how to solve them, how to finance entrepreneurial projects, and more. In the course we will discuss subjects such as analysis of the market, choice of location / project, the decision making process prior to acquisition, financing the project, construction planning, marketing, sales and rentals, estimating the value of the project, and financing and bringing the project to a successful conclusion. Throughout the course we will use tools and concepts from the world of finance in order to analyze the different projects and to focus on the economic basis of the project – the numbers of the project.

Subject to time constraints, the course will include an analysis of a range of businesses and projects in Israel and the USA, such as: the initiation and economic analysis of a residential project, the initiation and economic analysis of a income producing real estate project (commercial / office space / retail and so on), through private companies, real estate investment funds and more.

The mode of study will be through lectures and presentations that include reviews of the material studied, as well as guest lectures and class discussions on the various subjects of the course. The guest lectures will include case studies of businesses / projects and a class discussion of the various elements of the case.

Within the framework of the course, the students, in groups of 3-5, will be required to prepare case studies (mostly calculations) of an asset / project that will include elements similar to the case presented in class. For the purposes of the case studies, the students will receive reading material and a relevant description of the case, and, inter alia, will need to provide a reply to the most important question of a real estate entrepreneur: is this a good business proposition?

Learning outcomes

Upon successfully completing the course:

1. Students will have acquired an understanding of the Israeli real estate market, including: the types of entrepreneurial business transactions / projects in the real estate market.
2. Students will have acquired an understanding of the real estate environment in Israel, the entities operating in the real estate market, sources of information on the real estate market, the processes in the real estate market – developing real estate assets, establishing projects, methods for estimating value, how to finance projects.
3. Students will be able to apply the knowing acquired in the basic finance courses to the area of real estate.
4. Students will have developed an awareness of the considerations that entrepreneurs make, the opportunities open to them, and the obstacles and risks they face.
5. Students will have obtained an additional perspective on the US real estate market.

Evaluation of the student in the course and grade composition

Percentage	Assignment	Date	Comments
85%	Case analysis / final work		Group size – 3-5 students
15%	Attendance* and participation in class		

Course assignments

1. Submission of case studies prepared in groups of 3-5 students.
2. Perusal of the reading material as required.
3. Attendance and active participation in class discussions.
4. Mandatory attendance at all lectures.

Students who are unable to fulfil any course requirement must provide a notice to this effect in advance

The policy of maintaining a certain level of Final course grades

In the 2008/09 academic year, the Faculty of Management instituted a policy of maintaining a certain level of final course grades. This policy applies to all master's courses, including this one. Details of this policy appear on the Faculty website.

<http://coller.tau.ac.il/MBA-students/programs/2017-18/MBA/regulations/exams>

Evaluation of the course by the students

At the end of the course, the students will take part in a teaching survey aimed at making inferences for the benefit of the needs of the students and the university.

* Absence from one class is permitted (as a result, the course grade will be reduced). Three absences will result in invalidation of participation in the course. If a student is absent from a class that requires active participation or does not participate actively, the lecturer has the right to request that his/her name be removed from the list of participating students. Such students will nevertheless be required to pay the tuition fee for the course.

Course website

The course website will be the main location for conveying notices to the students. It is recommended, therefore, that students peruse it regularly, particularly before any class, and even after the end of the semester.

Most of the course slides will appear on the website.

Please note, class discussions will be held on subjects (and particularly on examples) that do not appear in the slides or appear only as headings. All these are integral parts of the course material.

Participation in class

Active participation in class discussions is an important part of the course and is essential for a proper understanding of the material being studied. Participation in class is an important component of the learning experience and contributes greatly to the acquisition of knowledge conveyed in the course.

Course program[†]

Subject	Content	Readings [‡]
Introduction to real estate	<ul style="list-style-type: none"> • The real estate market – types of assets and types of transactions in the real estate market • The real estate environment in Israel and the entities operating in the real estate market • Processes in the real estate market – developing real estate assets, establishing projects • Basic concepts of the real estate market 	Class notes
Real estate entrepreneurship	<ul style="list-style-type: none"> • What is real estate entrepreneurship? • Main processes in real estate entrepreneurship • The advantages and risks of real estate entrepreneurship 	Class notes
Economic aspects of real estate entrepreneurship	<ul style="list-style-type: none"> • Introduction to estimating the value of real estate assets, examining economic feasibility and DCF (discounted cash flow) • Market analysis and the comparison approach • Feasibility of an investment in a real estate venture on the basis of economic calculation parameters • Analysis of residential projects • Analysis of projects in the area of profit-making ventures 	GM, ch. 6 GM, ch. 10-12 GM, ch. 28-30
Real estate financing	<ul style="list-style-type: none"> • The influence of leverage and the significance of making investments in real estate • Methods for real estate financing and the use of debt • Financial aspects of initiating projects 	Class notes GM, ch. 13, 15
Miscellaneous	<ul style="list-style-type: none"> • Real estate marketing and sales • Tama 38 – special characteristics, financing, legal aspects • Methods of construction / project management • Special case study of the construction of the World Trade Center in New York • Infrastructure projects (PPP) – management, development, financing and special features 	Class notes GM, ch. 23

Required reading

Commercial Real Estate Analysis and Investments, 3rd ed. by Geltner and Miller (GM)

Participation in class

Professional Real Estate Development, The ULI Guide to the Business, 3rd ed. by Richard Peiser

Real Estate Principles: A Value Approach, 3rd ed. by Ling and Archer (LA)

Real Estate Finance & Investments, 14th ed. by Brueggeman and Fish

[†] The program is a basis for change and subject to time constraints.

[‡] In addition, students will be required to peruse additional articles and material.