

**MBA F734**  
**Real Estate Finance and Investments**  
**Winter 2023 Course Outline**

**Finance and Economics Area**  
**DeGroote School of Business**  
**McMaster University**

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***COURSE OBJECTIVE***

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*This course prepares students to understand the risks and rewards associated with investing in and financing the real estate properties. The topics include mortgage fundamentals, market analysis, appraising, valuation and investment analysis, mortgage back securities, and managing real estate portfolios.*

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***INSTRUCTOR AND CONTACT INFORMATION***

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**Tue. 7:00 p.m. – 10:00 p.m.**

**Dr. Yan Wang**

[ywang@mcmaster.ca](mailto:ywang@mcmaster.ca)

Office: DSB 323

Office Hrs: By appointment

Tel: (905) 525-9140 x23984

Class Location: RJC 357

**Student TA:**

TBA

**Course website:** <https://avenue.mcmaster.ca/>

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***COURSE ELEMENTS***

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Credit Value:	3	Leadership:	Yes	IT skills:	Yes	Global view:	Yes
A2L:	Yes	Ethics:	No	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	No

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## ***COURSE DESCRIPTION***

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*The recent turmoil in world financial markets, which has been closely tied to events in the real estate market, suggests that investors, lenders, and others who participate in the real estate market need to better understand how to evaluate the risk and return associated with the various ways of investing and lending. This course prepares students to understand the risks and rewards associated with investing in and financing the commercial real estate. The topics include mortgage fundamentals, market analysis, appraising, valuation and investment analysis, mortgage back securities, and managing real estate portfolios.*

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## ***LEARNING OUTCOMES***

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Upon successful completion of this course, students will be able to complete the following key tasks:

- Understand the basic concepts of real estate investment
  - Understand the different financing options for commercial real estate properties
  - Conduct SWTO analysis of an investment in a real estate property
  - Conduct financial analysis of real estate properties
  - Evaluate risks and investment returns in the real estate development process
  - Understand the structure of various types of mortgage-back securities
  - Understand the principals of evaluating the investments in real estate market
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## ***COURSE MATERIALS AND READINGS***

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### **Required:**

Course Materials Are Available on Avenue To Learn

- <http://avenue.mcmaster.ca>

### **Case Studies**

- Download from Harvard Business Review: <https://hbr.org/>

### **Reading**

- William B. Brueggeman and Jeffrey D., Fisher, Real Estate Finance and Investments. McGraw-Hill, 17<sup>th</sup> ed. (please purchase the correct version as listed below)

Connect: ISBN: 9781264072934

Print + Connect: ISBN: 9781264604654

**Optional Readings:**

David M. Geltner, Norman G. Miller, Jim Clayton and Piet Eichholtz, 2013 ed.,  
Commercial Real Estate Investment and Analysis.

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## ***EVALUATION***

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Learning in this course results primarily from in-class discussion and participation of comprehensive business cases as well as out-of-class assignment. All work will be evaluated on an individual basis except for case studies (reports and presentation) where group work is expected. In the case study analysis and presentation, group members will share the same grade adjusted by peer evaluation.

**Missed exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. Late assignments and case studies will NOT be accepted.** Your final grade will be calculated as follows:

### **Components and Weights**

<b>Assignments</b>	Multiple Choices + Problem Sets (individual)	15%
<b>Case Study 1</b>	Case Analysis, Written Report (group)	10%
<b>Case Study 2</b>	Case Analysis, Written Report (group)	10%
<b>Case Presentation</b>	Case Presentation (group)	5%
<b>Midterm Exam</b>	Multiple Choices + Problem Sets (individual)	25%
<b>Final Exam</b>	Multiple Choices + Problem Sets (individual)	25%
<b>Attendance</b>	Class attendance	5%
<b>Participation</b>	In-class Contribution (individual)	5%
<b>Total</b>		<b>100%</b>

NOTE: The use of a McMaster standard calculator and/or a financial calculator is allowed during examinations in this course. See McMaster calculator policy. [www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf](http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf)

## **Grade Conversion**

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

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## ***COURSE DELIVERABLES***

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### ***Assignment – Multiple Choice + Problem Sets***

The assignment is worth **15%** of your final grade. The purpose of assignment is to help you review the knowledge learned in the class and practice your ability to solve the real estate related questions. The individual assignments and corresponding due dates will be posted on Avenue after each session. All assignments are submitted online via Connect/Avenue.

### ***Case Study 1-2***

This course incorporates **two** case studies related to topics on real estate evaluation, investment analysis and real estate development. Each case study analysis (in written report) in this course accounts for **10%** of your final grade. Both case studies (in written reports) account for **20%** of your final grade. Details of each case study will be posted on Avenue. You will be provided with the links to download the case studies from Harvard Business Review.

Students will form teams and each team consists of 3-4 members. You need to form a team before the end of week 3. Please register your team and your presentation time slot using the link provided on Avenue. You are allowed to switch team for each case study, but you need to inform the instructor in advance. For each case study, a list of questions will be posted on Avenue and your team is required to conduct analysis and write a report based on these questions. All written reports are submitted online via Avenue.

The written reports along with data files are due on the date of each case study presentation. Please find the due dates in the course schedule below.

Please note that a peer group evaluation will be performed by all groups for each case study. Students will set their own rules regarding the functioning of their group, which includes attendance at meetings, work allocation and contributions to the project. Students not performing according to the group's

standards will have their grade lowered accordingly. (See Peer Evaluation Instructions on the Peer Evaluation Form)

### ***Case Study Presentation***

Each team is required to present one of the two case studies. Your team can choose which case study to present. The case study presentation accounts for **5%** of your final grade. You have 15 minutes to present your case analysis and 5 minutes to answer the questions.

### ***Midterm Exam***

The midterm exam accounts for **25%** of your final grade. The exam will cover material from the lectures, assignments, and class discussions. The exam will **NOT** cover the content on case studies and will **NOT** cover any optional readings. The exam is a **close-book** exam. Students who do not write the midterm exam, 25% from midterm exam will be automatically redistributed to your final exam. In other words, you will write a final exam that worth 50% of total grade. If you written both midterm and final exams, your grade will be based on the higher of the two.

### ***Final Exam***

The final exam accounts for **25%** of your final grade. The final exam will be cumulative. The exam will cover material from the lectures, assignments, and class discussions. The final exam will **NOT** cover the content on case studies and will **NOT** cover any optional readings. The exam is a **close-book** exam. If you written both midterm and final exams, your grade will be based on the higher of the two.

### ***Attendance***

The attendance grade accounts for 5% of your final grade. The student attendance will be checked for each lecture. You get half point per lecture attendance. You can miss lecture(s) for valid reasons such as job interviews or case competition, but an email must be sent well in advance to the instructor for approval. It is your responsibility to report your attendance.

### ***Participation***

In-class participation accounts for 5% of your final grade. You will get half point per lecture in the class. It is your responsibility to check your participation for each lecture after class.

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## ***COMMUNICATION AND FEEDBACK***

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Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

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## ***ACADEMIC INTEGRITY***

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You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

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## ***AUTHENTICITY/PLAGIARISM DETECTION***

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**Some courses may** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

## ***COURSES WITH AN ON-LINE ELEMENT***

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**Some courses may** use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

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## ***ON-LINE PROCTORING***

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**Some courses may** use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

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## ***CONDUCT EXPECTATIONS***

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As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

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## ***MISSED ACADEMIC WORK***

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### ***Missed Mid-Term Examinations / Tests / Class Participation***

Please do not use the online [McMaster Student Absence Form \(MSAF\)](#) as this is for Undergraduate students only. The MBA program will not accept an MSAF.

When students miss regularly scheduled term work which contributes 10% or more to the final grade, for legitimate reasons as determined by the Student Experience – Academic Office (SEAO), the activity necessary to compensate for the missed work will be determined by the course instructor. The compensatory activities assigned will vary with the nature of the course and the missed requirement. They include, but are not restricted to, an alternative assignment, a rescheduled midterm exam, or re-weighting the marks for the missed component to other mark components. Documentation explaining such missed work must be provided to the SEAO within five (5) working days of the scheduled date for completion of the work.

Acceptable reasons for missed work, along with the [Petition for Missed Term Work](#) and the [MBA Student McMaster University Student Health Certificate](#), can be found on the DeGroote MBA Student website ([mbastudent.degroote.mcmaster.ca](http://mbastudent.degroote.mcmaster.ca)). Please direct any questions about acceptable documentation to the MBA Academic Advisors ([askmba@mcmaster.ca](mailto:askmba@mcmaster.ca)).

University policy states that a student may submit a maximum of three (3) [Petition for Missed Term Work](#) per academic year, after which the student must meet with the Director of the program.

If term work is missed without an approved reason, students will receive a grade of zero (0) for that component.

#### **Missed Final Examinations**

Students must be available for the duration of the posted exam period regardless of their personal exam schedule. This is to ensure student availability throughout the entire exam period in the event that an exam must be rescheduled due to unforeseen circumstances (university closure, power outage, storm policy, etc.). A student who misses a final examination without valid reason will receive a mark of 0 on the examination.

Students who have missed a final exam for a valid reason can apply to the SEAO to write a deferred examination by submitting an [Application for Deferring a Final Exam](#) with supporting documentation. The application must be made within five days of the scheduled exam date or the application may be denied.

The [Application for Deferring a Final Exam](#) and the [MBA Student McMaster University Student Health Certificate](#) can be found on the DeGroote MBA Current Student website ([mbastudent.degroote.mcmaster.ca](http://mbastudent.degroote.mcmaster.ca))

Deferred examination privileges, if granted, are normally satisfied during the examination period at the end of the following semester. In select cases, the deferred examination may be written at a time facilitated by the SEAO and agreed to by the course instructor.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Failure to write an approved deferred examination at the pre-scheduled time will result in a zero (0) mark for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript.



Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

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### ***ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)***

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office ***normally within 10 working days*** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

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### ***COPYRIGHT AND RECORDING***

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Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

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### ***POTENTIAL MODIFICATION TO THE COURSE***

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The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

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### ***ACKNOWLEDGEMENT OF COURSE POLICIES***

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Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA F734 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

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## ***COURSE SCHEDULE***

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### **Commerce F734 Real Estate Finance and Investment Winter 2023 Course Schedule**

Week	Due Date	Contents	Required Reading
1 (Week Jan. 9)		Introduction & Basic concepts: Real Estate System and Investment Styles	
2 (Week Jan. 16)		Mortgage fundamentals	BF chapter 3 & 4
3 (Week Jan. 23)	Register your team members & choose your presentation time slot	Income-producing properties: lease, rents and cash flows	BF chapter 9
4 (Week Jan. 30)	Assignment 1 (Basic concepts & Mortgages) Due	Real Estate Valuation & mini case	BF chapter 10
5 (Week Feb. 6)		Debt Financing	BF chapter 11
6 (Week Feb. 13)	Assignment 2 (Valuations) Due	Financing Alternatives	BF chapter 12
7 (Week Feb. 20)	Winter Break, No Class		
8 (Week Feb. 27)	Assignment 3 (Debt financing & Financial alternatives) Due	Midterm Exam	
9 (Week Mar. 6)	Case study 1 report due	Case Study 1: Discussion & Presentations	
10 (Week Mar. 13)		Real Estate Development	BF chapter 16
11 (Week Mar. 20)		Mortgage Back Securities	BF chapter 19 & 20 (CMOs)
12 (Week Mar. 27)	Case study 2 report due	Case Study 2: Discussion & Presentations	
13 (Week April.3)	Assignment 4 (Real estate development + Mortgage back securities) Due	REITs & Real Estate Funds	BF chapter 22 & 23