

University of Pennsylvania  
The Wharton School

## REAL ESTATE INVESTMENTS

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Office hours: Wed 2.30-4.00pm  
or by appointment

### Course Description

**Classes:** Lectures provide a venue for questions, thoughts and discussion. You are required to attend the lectures.

**Participation in lectures and the class discussion account for 10% of your overall course grade.**

**You are responsible for all materials covered in the lectures, including the guest lectures.** \*Time and location of guest lectures to be announced.

Grading:

First test (100 pts)  
Second test (100 pts)  
Cases 1 & 2 (35 pts *each*)  
Participation (30 pts)

Both tests are in class; they are not cumulative. In the second test you are expected to demonstrate a basic understanding of the first half of the course but will not be tested directly on it. A physical copy of the case is due in class on the case due date. Late cases will be not read or graded.

The dates and times for all assignments are final. There are no “make-up” opportunities.

**Incompletes are not given without written permission of the Wharton Dean’s Office.**

**Note: If you take this class on a pass/fail basis it cannot count toward the 5 course units you need for a Real Estate Concentration.**

Text: The main textbook is “Real Estate Finance and Investments: Risks and Opportunities” by Linneman. The book is highly readable, and a good introduction to the Real Estate topics. Please refer to the reading list for assigned chapters for each lecture. For supplementary reading, you might refer to “Commercial Real Estate Analysis and Investments” by Geltner & Miller.

**Bulk pack:** It will be available from Wharton Reprographics. The readings are provided to help you better understand concepts covered in class. Material not covered in class or in the class notes is recommended but not required.

**Web Café:** I strongly encourage you to become familiar with the course web page on Wharton's Web Café. All class materials are posted on the page, as are class announcements.

***Non-Wharton students** will need to apply for a Wharton account in order to get access to the Web Café. Applications will be accepted starting on the first day of class at Wharton Computing.*

**Calculator:** You might find a financial or programmable calculator useful for computing annuities/present values. You are responsible for knowing how to use these functions. You are allowed to use a calculator in both tests but familiarity with the advanced functions is not required.

**Cases:** **All cases will be done in groups of 3-5 students. You are encouraged to form your own groups. Students who do not choose to pick their own group are required to notify me and the TAs 10 days in advance so that they can be assigned a group randomly.** If you do not think a group member has worked with other group members with good faith, submit a written complaint citing your name, the group member list, the name of the offending group member and the nature and evidence of the offense. If two (2) or more serious complaints are registered against you, there will be an investigation and a deduction from your case performance up to 50% of the case grade.

Each case has a strict page limit. Any pages that exceed the page limit will be removed and returned, unread. **Collaboration between groups is not allowed. Late cases will not be accepted nor will extensions be given without approval from the Wharton Dean's Office.** Again, a physical copy of the case is due in class on the case due date. Late cases will be not read or graded.

**TAs:** TAs hold regular office hours and offer assistance on assignments and general course material. They also grade the cases. A schedule of office hours will be announced during the second week of the semester.

## Message Board

ALL questions related to the course should be posted on the Message Board on webCafé and they will be answered promptly through the Board. You are strongly encouraged to check the Message Board frequently.

**Course Outline** (version: August 2007)

\*Time and location of guest lectures subject to change.

	<b>Date</b>	<b>Topic</b>	<b>Notes</b>
		Introduction & Basic financial	
1	September 06	concepts	
2	September 11	What is real estate?	
3	September 13	Leases	
4	<b>September 17</b>	<b>Guest Lecture</b>	Peter Linneman/ Sam Zell
	September 18	No classes	
5	September 20	Property Evaluation	
6	September 25	Pro Forma Creation	
		Due diligence & An Intro to	
7	September 27	Development	
8	October 02	Development Feasibility	
9	<b>October 04</b>	<b>Guest Lecture</b>	
10	October 09	Review Session	
			Drop period ends on Oct
11	<b>October 11</b>	<b>1st Test</b>	12
	October 16	<i>No classes</i>	Fall break
		Real Estate Companies & Debt	
12	October 18	Financing	
13	<b>October 23</b>	<b>Case 1 discussion</b>	Case 1 due in class
14	October 25	Private Equity	
15	<b>October 30</b>	<b>Guest Lecture</b>	
16	November 01	CMBS	
17	<b>November 06</b>	<b>Guest Lecture</b>	
18	November 08	REITs	
19	<b>November 13</b>	<b>Guest Lecture</b>	
20	November 15	Aggressive Hybrid Financing	
21	November 20	Real estate cycles and bubbles	
	November 22	<b>Case 2 discussion</b>	Case 2 due in class
22	November 27	<i>No classes</i>	Thanksgiving break
23	November 29	Homeownership	
24	December 04	Review Session	
25	December 06	<b>2nd Test</b>	