

Global Real Estate Capital Markets

FINA 480 ... (previously) FINA 490

SPRING 2019

Instructor: William H. Harrison, Jr.

Office: Moore School; 4th floor West (river) side; office # 456 H (Finance Dept.)
Office Hours: **Tuesday & Thursday 9:30 –11:30 AM; 1:10 – 2:40 PM; and 6:00 PM until whenever ... but call or email first for an appointment** as I may be elsewhere in building ... or I may be committed to another student.
I will occasionally be here on some Wednesdays ... but text first to confirm

Phone: Text ... 843-276-6116 ... “Call” only in absolute **EMERGENCIES !**

Email: **harrison7311@gmail.com**

Note ... type “**Student 480**” in the “Subject” line so that it won’t be spammed out of my server.

PLEASE ... DO NOT USE THE BLACKBOARD MESSAGING SYSTEM TO TRY TO REACH ME ... YOU WON’T !

Course Description:

The past several decades have witnessed a growing awareness among sophisticated investors as to the relative advantages of “foreign” real estate investment. Some of this interest can be simply attributed to the age-old viewpoint of “reaching for yield” as the tide of globalization washes over developed, developing or emerging economies and lifts their asset values ... most notably their real estate values. Some of this interest can also be attributed to changes of perspective in optimal portfolio diversification ... with real estate and foreign assets / securities increasingly in vogue.

The **subject matter** of this course can be described broadly as global institutional investment in real estate. The course’s **foundation** is anchored in an international capital markets context viewed from the **perspective** of real estate investment and finance professionals.

The course’s broad learning objective is to provide insights that will help global real estate investors of all types make more informed decisions. However, this course is particularly suited to understanding the special risk versus return conundrum of institutional investment managers of sovereign wealth funds, pension funds, insurance companies, REITs, private equity (unlisted) funds, and wealth advisors etc. as the real estate investment decision moves “offshore”.

Learning Outcomes:

The (successful) student will become proficient in such varied concepts as;

- Understanding Global Property Markets & Real Estate Cycles
- Applying Asset Pricing & Portfolio Theory to Real Estate
- Analyzing International Real Estate Investment Issues / Risks
 - Taxation, Legal Barriers, Capital Controls
 - Currency Risks, Title, and Political Risks
 - Transparency and Information Asymmetry
- Understanding the criteria on which Unlisted Real Estate Funds (Private Equity) operating in the Global Markets are evaluated
- Understanding the criteria on which Public Equity Real Estate (REITs) operating in the Global Markets are evaluated
- Understanding the operations of the Real Estate Debt Markets
- Understanding the Currency Risk Case for utilizing Leverage
- Evaluating the key components of Building a Global Real Estate Portfolio

Course Prerequisites and Calculators:

FINA 366 is a prerequisite. I will consider waiving this requirement on a case by case basis but only if the prospective student has already demonstrated a superior grasp of finance, investments and / or macro-economics. A firm understanding of time value of money (TVM) concepts and calculations is essential.

You are expected to be already knowledgeable in the use of a handheld calculator to solve Time Value of Money (TVM) problems. You are permitted, but not encouraged, to use any other technology you wish to work assigned financial problems. **HOWEVER, for exams you will NOT be permitted to use smartphones or personal computers ... only traditional handheld calculators** (suggested ... Hewlett Packard HP series or Texas Instruments TI series). If in doubt ... ask. As such you are **strongly** advised to practice your calculator's entry logic in class as we progress. Ignoring this WILL likely be fatal !

Textbook, Blackboard & Required Reading:

- **“Global Property Investment”** by Baum & Hartzell; Wiley-Blackwell publishers; **1st Edition** (2012). This textbook can be utilized in either its softcover format or its digital format. Given the classroom discussion format for this course, special attention should be given to your choice as you will be continually referring to passages in the text during class. **Some students have reported to me that they wished that they had chosen the text over the digital version (page and formatting differences) given the constant reference in class back to specific text passages).**
- Class web page: **Blackboard.sc.edu.** **PLEASE VERIFY YOUR ABILITY TO LOGON TO (AND CONFIRM YOUR EMAIL ADDRESS WITH) BLACKBOARD** or you will not receive certain course documents, outside reading, and important communications from me. Course info will be found under the “Course Documents” tab.

Course Structure:

Classes will consist of lectures and problem solving but **will rely most heavily on class discussion** of assigned readings and cases. Students are expected to read assigned materials prior to class so they may actively participate. Written homework will occasionally be assigned. Generally, the lectures will emphasize those areas of the text that the Instructor considers most relevant to a successful completion of the course. In addition, the Instructor's lectures may bring in new material not necessarily covered by the text. Likewise, there may be material of relevance in the text reading that the Instructor may not cover in class. Because of the nature and speed of the material covered, **it will not be possible to keep up with the class (or pass quizzes) or participate in class discussion without reading in advance;** this will involve your consistent preparation.

Attendance and Testing :

Class attendance is expected and roll will often be taken. **THERE WILL BE NO OPPORTUNITY TO SIGN THE ROLL AFTER THE CLASS HAS ADJOURNED ... SO PLEASE DON'T ASK FOR A PERSONAL EXCEPTION, REGARDLESS OF THE CIRCUMSTANCES.** I tend to award extra subjective "bonus points" to students who can successfully avoid the myriad of "excuses" (see below) for non-attendance. If a student can somehow manage to miss no more than two classes, there is an opportunity for subjective points awarded at the end of the semester. The following is an excerpt from the University's Class Attendance Policy:

Absence from more than 10% of the class's sessions, whether excused or unexcused, is excessive and the instructor may choose to exact a grade penalty for such absences ... It must be emphasized that the "10 percent rule" state above applies to both excused and unexcused absences

AS THERE IS NO DIFFERENCE BETWEEN AN "EXCUSED" AND AN "UNEXCUSED" ABSENCE, there is no reason for you to feel compelled to advise the Instructor or forward any medical records or absence explanations.

There will "generally" be a short quiz on each chapter. **Quizzes will come from the text reading assigned or lecture material covered in that day's class and / or the class before.** Missed quizzes will result in a grade of zero. **THERE WILL BE NO MAKE-UPS FOR QUIZZES.** (The only exception for quizzes will be for varsity sports tournaments with a signed note from a coach.)

However, **all students will be allowed to DROP THEIR TWO (2) LOWEST QUIZ SCORES.** This option is meant to allow the student some personal latitude is dealing with a variety of unexpected personal situations or competing school requirements that may come up. In order for a student to earn any grade points on any given quiz, that student's raw score must equal 50% or higher.

The **QUIZ DROPS** and the **ABSENCE POLICY** are both meant to address and include:

- illness
- family emergencies, weddings, and funerals
- varsity sports
- job interviews, conferences, and job fairs (including Master's Week in Augusta)
- early vacation departure
- football "festivities"

- priorities of studies for other courses, tests etc.
- hangovers, “mental health days”, or “just don’t want to get out of bed” days
- alien abduction
- everything else imaginable, including Armageddon and “the End of the World”

PLEASE DO NOT ASK FOR EXCEPTIONS to this quite liberal absence / grading policy.

There will be one (1) mid-term exam, and 95 + % of the questions for such will be come from the lecture notes, presentations, and class / homework problems. **Make-up Midterm and Final Exams will be considered ONLY with a valid (e.g. medical emergency) documented (e.g. health provider) excuse.**

Students are expected to **bring their textbook to each class** ... and their calculators as well.

This course’s quizzes are generally multiple-choice and graded on a curve. Scantron allows the instructor to see a full distribution curve for each test. I typically want to see the median score fall in the 75 - 80% range after the curve is applied, and I will apply the same “curve” to each student’s score to accomplish this. This allows me to give a somewhat more “challenging” test and then raise everyone’s point scores accordingly. While the curve may vary broadly, I am typically seeing 7 to 15 point positive adjustments. This curve concept tends to “spread-out” the grades and accomplishes two things; ... first, it shows me (and the student) early-on just who is struggling so that I can offer help and advice (if requested) ... second, it does an excellent job of distinguishing those who are striving to excel from the rest of the pack ... as well as those who are merely coasting.

With respect to quizzes (not exams), in order to receive any points, the student must have achieved a raw score (before curve) of 50% ... otherwise the quiz grade will be recorded as a zero

Make-up Exams:

As mentioned above, there are **no make-ups for quizzes** (unless varsity athletics). Make-ups for midterms and final exam (with medical excuse etc.) will be given in my **office after the scheduled test date (only) ... no exceptions.**

IT IS THE RESPONSIBILITY OF THE STUDENT TO MAKE THE ARRANGEMENTS FOR ANY EXAM MAKE-UPS ... “NOT” THE INSTRUCTOR. The make-up testing may **NOT** be of the same format as the regular in-class exams. (It takes 5 to 6 hours for an instructor to create a class midterm exam, so it is not feasible to generate a 2nd exam for an individual student(s). A make-up may consist of oral presentation, essay, written calculations and the like. **Further, there may not be a “curve” available for make-ups** since there is no basis for comparison with other students.

In other words, **MAKE-UP EXAMS SHOULD BE YOUR OPTION OF LAST RESORT ! THE DEADLINE FOR ALL MAKE-UPS IS 6:00 PM IN THE LAST DAY OF REGULARLY SCHEDULED CLASS** ... otherwise the grade will be registered as a zero.

Instructor Presentations:

The Instructor will utilize PowerPoint presentations for most of this course. These presentations will “generally” be posted to Blackboard prior to the class

Homework/ Reading the Text Assignments:

We will be covering only about 60% of the text over this course ... approximately 10-12 chapters ... and the reading requirements will not be onerous. The **INSTRUCTOR EXPECTS THAT YOU WILL HAVE READ THE ASSIGNED TEXT PRIOR TO CLASS. THE QUIZZES WILL TEST YOUR ADHERENCE TO THIS POLICY.** The “more detailed” financial examples presented in the text (that the instructor feels are relevant) will be covered in class, but will **NOT** be tested on the quizzes.

I “may” occasionally require INDIVIDUAL (versus group) written homework assignments to be prepared for class and submitted for grading / scoring. When homework is an INDIVIDUAL assignment, I have no problems with students “collaborating” on homework methodology, **the “copying” of another’s work (digital or otherwise) is NOT within the bounds of “Academic Honesty”.**

There is an intended “bright line” between “*collaboration*” (general discussion of concepts and methodology) among students and *copying / plagiarism* ... which is cheating (see below). **If that “collaboration” line appears fuzzy to you, then DON’T EVEN APPROACH IT. The consequences of mistakenly pushing this boundary could be fatal.** If in doubt, see me. The excuse “*I misunderstood*” after-the-fact won’t even be considered.

Your homework assignments may be a combination of Blackboard submitted work (on-line) or in-class submitted (written). Homework submitted after the class due date (note ... “beginning” of class) will be given only “partial” credit, if any, at the discretion of the instructor. For in-class submitted written assignments (versus on-line assignments) no credit will be awarded once solutions are posted to Blackboard (usually by 7 PM that same evening).

With respect to in-class submitted assignments, if situations arise which might cause you to miss class then it is incumbent upon you to either have a classmate / friend / paid stranger submit your homework in class on your behalf or, alternatively, to slide the “time dated” homework under my office door (#456 H) before class time. **Under no circumstances will I accept emailed assignments.** Unless specified otherwise, all homework must be submitted to Blackboard (or due for hand-in if applicable) at the beginning of the class as shown on the Class Schedule posted to Blackboard. This Schedule is subject to change weekly ... and it probably will ... so **CONSISTENTLY MONITOR THE CLASS SCHEDULE FOR UPDATES.**

Final Course Grades via Point System:

Rather than including the Grade Point Computation Chart within the syllabus, I have posted it to Blackboard as a separate file. I strongly encourage all students to use the self-assessment feature to track their individual earned points toward their course grade goal.

Note that I will retain UP TO fifty (50) points latitude in assigning individual final course grades based on homework, attendance, and class participation / attitude. **THERE IS NO FORMULA FOR SUCH LATITUDE ... IT IS BY INTENT, SUBJECTIVE ... AND BASED UPON MY PREROGATIVE ONLY.** Generally, I expect the student to have been quite diligent with respect to attendance and to have submitted all homework assignments **to even be eligible** for any of these subjective points. Any expressed or implied assertion by a student that he / she “deserves” to receive such points is a near-guarantee that they won’t.

Final course grades will be assigned per the point system at the top of the Grade Point Computation Chart.

Previously, classes of this course have typically generated a grade of an “A” for about **20-30 %** of the students with roughly the same percentage of “B’s”. The failure rate for this course has rarely exceeded **20 %**.

This Point system chart may be amended from time to time as needs dictate. Always check the Chart posted to Blackboard for any changes / most recent version.

Academic Honesty:

NO FORM OF ACADEMIC DISHONESTY WILL BE TOLERATED ... WHATSOEVER.

The consequences to anyone found plagiarizing, copying, or taking false credit for attendance or someone else’s work (**this includes homework** and case studies) will be severe. There will be no “warnings”, “probations” or “second chances”. This policy extends also to anyone who allows their work to be copied or plagiarized or participates in any way with the fraudulent acts of others. To protect yourself from any appearances of complicity you should immediately advise me of any suspicions of impropriety around you. Some thoughts to keep in mind:

- **SINCE ALL TESTING IN THIS COURSE IS BASED ON A “CURVE” ... ANYONE WHO CHEATS RAISES HIS / HER OWN GRADE AT THE EXPENSE OF EVERY OTHER STUDENT IN THE CLASS.**
- Since most graded work in this course is based on a multiple-choice Scantron format, it is relatively easy to copy others’ work. But, because of this same computer assisted grading system, **IT IS ALSO VERY EASY TO SPOT THE PATTERNS OF COPYING AND CHEATING.**
- **Copying or reliance on work from ONLINE SITES is also easy to spot ... and is also cheating since it is not your work.** Many of the solutions are worked “uniquely” and often incorrectly, and the graders are instructed to look for these patterns. Ignore at your peril.
- The consequences for any participation with cheating will be two-fold. From an academic perspective it will result in failure (a grade of “zero”) ... at a bare minimum ... on the test or work involved, but more likely for the entire course. Second, the incident(s) may be reported to the USC Administration for disciplinary action. **One of the disciplinary options from such an investigation is expulsion from USC.** The University can ill-afford to have its reputation tarnished by graduating potential business managers and leaders who resort to dishonesty to advance their personal ambitions. And you can ill-afford the lifetime stigma on your permanent record.
- Collaboration on group assignments within the group itself is obviously required. Collaboration on individual assignments (discussing general solution “concepts”) is quite distinct from replication of someone else’s work / answers ... which is cheating. This can create a slippery slope. **If you choose to “collaborate”, make sure that you are 100% certain of this “bright line” distinction before proceeding. The excuse, “I misunderstood,” won’t even be considered.**
 - If your intended “collaboration” extends to **verbally comparing / sharing actual answers with another student, then you have likely crossed the line.**
 - If your intended “collaboration” involves **physically comparing / sharing a copy of your work or your answers then you have definitely crossed the line.**

- **The consequence to you of someone found copying your work will be the appearance of complicity.** The burden will then be on you to show otherwise. Shield your test work, don't share your homework, and advise if you think that you are being compromised.

Disabilities:

If you have a documented disability or special needs, be your own best advocate and ask for help. Reasonable accommodations are available for students with a documented disability. Any documented student who wishes to take advantage of additional testing time or alternative testing locations (proctoring etc.) **MUST SEE ME PERSONALLY** at least one class period prior to the exam date. If you do not, then in all likelihood you will have to settle for a makeup exam on a later date (see above).

Summary:

The above pages are merely the ground rules to play and compete for academic achievement.

Your real goal is to learn about one of the most fascinating, profitable, risky, creative, and entrepreneurial careers and fields of study in America ...

AND TO HAVE SOME FUN DOING SO !

And that is my challenge to you !