

CRP 5330: REAL ESTATE MARKETING AND MANAGEMENT
Cornell University
Fall 2009

Class Hours:	8:40-9:55 AM Tues. & Thurs.	Instructor:	David L. Funk 114 West Sibley 255-3291 (Office) dfunk@cornell.edu
Classroom:	B06 Sage Hall	Office Hours:	Friday 3-4:30 pm or call/e-mail for appt.

COURSE DESCRIPTION

The course focuses on the tenant or user as the basic source of value in real estate. Students explore the characteristics and needs of tenants, and how the ownership and management of buildings respond to those needs. Multifamily residential and office buildings are the principal focus of the course although other product types will be discussed. Topics include marketing research, examination of tenant types, location, building services and operations, governmental regulations, and the strategy and management of running a real estate enterprise. The economics of occupancy are analyzed from both the landlord and tenant's point of view. Marketing campaigns and lease negotiations are covered as well as the elements of lease agreements. Throughout the course, we meet the cast of characters who inhabit this corner of the real estate industry.

Several visitors speak to the class during the semester to bring their hands-on experience into the classroom.

STUDENT WORK

A series of cases, memos, negotiation exercises, and quantitative exercise will be assigned as well as a final exam. Papers will typically be in the form of a memorandum to the instructor analyzing a problem and offering a recommended solution. It is hoped that these exercises will serve to hone the student's business writing skills as well as relate to the materials covered in class.

The course will be conducted in an interactive seminar format with students expected to be prepared to discuss the readings as assigned and reason with the instructor in the analysis of issues. Evaluation of class participation will focus on the quality of contribution and consistency of preparedness. Since the course includes the delivery of significant amounts of information it will be important that students take notes during each class. This information will form the basis for a portion of the final exam.

Please note: Each student in this course is expected to abide by the Cornell University Code of Academic Integrity. Any work submitted by a student in this course for academic credit will be the student's own work. In compliance with the Cornell University policy and equal access laws, the instructors are available to discuss appropriate academic accommodations that may be required for students with disabilities. Requests for academic accommodations are to be made during the first three weeks of the semester, except for unusual circumstances, so arrangements can be made.

ATTENDANCE

Attendance is mandatory. Absences may affect grades negatively, while more than two absences can result in removal from the course.

GRADING

Class participation	10
Quantitative Rent Analysis	5
Lease Analysis & Negotiation	15
Management Plan Exercise	5
Market Analysis Case	15
Organizational Strategy	10
Final Exam	40
	100%

TEXTBOOKS AND READINGS

The following resources are required for the course:

COURSE READER (“READER”). A course packet of readings should be purchased through the Program in Real Estate at 114 W. Sibley Hall.

GUIDE TO WRITING A COMMERCIAL REAL ESTATE LEASE (INCLUDING GREEN LEASE LANGUAGE).
Teitelbaum, Steven A. New York: Building Owners and Managers Association International (BOMA), 2005. xi-90.

HANDBOOK OF COMMERCIAL REAL ESTATE INVESTING. McMahan, John. New York: McGraw-Hill, 2006. xii-393.

MANAGING AND LEASING COMMERCIAL PROPERTIES VOLUMES 1 & 2. Alexander, Alan A. and Richard F. Muhlebach. Chicago: Institute of Real Estate Management, 2007. xvii-793.

REAL ESTATE DEVELOPMENT: PRINCIPLES AND PROCESS. 4th Ed. Miles, Mike E., Gayle Berens and Marc A. Weiss. Washington, DC: Urban Land Institute, 2007. xvii-669.

STANDARD METHOD FOR MEASURING FLOOR AREA IN OFFICE BUILDINGS. New York: Building Owners and Managers Association International (BOMA), 1996. vi-27. *(Included in Course Reader).*

COURSE BLACKBOARD SITE

The course blackboard site is available at www.blackboard.cornell.edu and will constitute the most up-to-date course information available. You should check the blackboard site weekly for course announcements and posting of additional resources.

COURSE SCHEDULE

PERSPECTIVE ON USER NEEDS

I. August 27

Course overview

Real estate organizations, roles, and relationships: Getting to know the players
Property management and asset management
Real estate as profession
Introduction to tenant types

Required Reading

“Property, Asset, and Portfolio Management” from REAL ESTATE DEVELOPMENT: PRINCIPLES AND PROCESSES. Miles, Mike et al. 4th Ed. Washington, DC: Urban Land Institute, 2007. pp. 507-532

SELECTLEADERS/CORNELL COMMERCIAL REAL ESTATE EMPLOYMENT MATRIX. 1 pp.

II. September 1

Location – A holistic perspective
Placemaking
Tenant types and user needs

Required Reading

“The Making of Place” from ULI MAGAZINE July 2002 by David Salvesen.

“Preface to Rise of the Creative Class” from THE RISE OF THE CREATIVE CLASS. Florida, Richard. New York: Basic Books, 2004. xiii-xxx.

“Spiky World” from WHO’S YOUR CITY: HOW THE CREATIVE ECONOMY IS MAKING WHERE TO LIVE THE MOST IMPORTANT DECISION OF YOUR LIFE. Florida, Richard. New York: Basic Books, 2008. 17-40

“Superstar Cities” from WHO’S YOUR CITY. 127-146

“New Urbanism – An Introduction” from CONGRESS FOR THE NEW URBANISM. (*PowerPoint slides found on Blackboard*)

III. September 3

Focus on the user – Workplace design

Guest Lecturer

Professor Frank Becker
Chair, Department of Design and Environmental Analysis
College of Human Ecology

Required Readings

“Understanding Organizational Ecology” from WORKPLACE BY DESIGN: MAPPING THE HIGH PERFORMANCE WORKSCAPE. Becker, Franklin and Fritz Steele. San Francisco: Jossey-Bass, 1996. 9-26

ECONOMIC ARRANGEMENTS

IV. September 8

Assignment #1: Quantitative Rent Analysis Introduced

Rent and other economic issues

Guest Practitioner

Robert Abrams
Founder, Cornell Program in Real Estate
Past President, Abrams, Benisch and Riker, Inc. (later Colliers ABR)

Required Readings

“Financial Analysis for Property Managers” from MANAGING AND LEASING COMMERCIAL PROPERTIES. Alexander, Alan A. and Richard F. Muhlebach. Chicago: Institute of Real Estate Management, 2007. 679-730.

V. September 10

Rent and other economic issues cont.

Guest Practitioner

Robert Abrams

Required Readings

STANDARD METHOD FOR MEASURING FLOOR AREA IN OFFICE BUILDINGS. New York: Building Owners and Managers Association International (BOMA), 1996. vi-27.

THE LESSOR/LESSEE RELATIONSHIP

VI. September 15

Assignment #2: Lease Analysis & Negotiation Introduced

Essential lease elements
Commercial lease terms

Required Readings

“Lease Negotiation” from MANAGING AND LEASING COMMERCIAL PROPERTIES. 255-342.

VII. September 17

Assignment #1: Quantitative Rent Analysis Due

Commercial leasing terms

Required Readings

GUIDE TO WRITING A COMMERCIAL REAL ESTATE LEASE. Teitelbaum, Steven A. New York: Building Owners and Managers Association International (BOMA), 2005. xi-90.

VIII. September 22

Leasing and negotiation

IX. September 24

Tenant qualification
Bankruptcy in the commercial real estate context
Residential leasing
Landlord/tenant law

Required Readings

CHAPTER 11 BANKRUPTCY LAW IN REAL ESTATE. Poorvu, William J. Harvard Business School case. 2005. 8 pp.

TENANT AND LANDLORD RIGHTS. Segel, Arthur I. Harvard Business School case. 2005. 11 pp.

X. September 29

Assignment #2: Lease Analysis & Negotiation Due

Principles of lease negotiation

Required Readings

ALEXANDER PLAZA. Poorvu, William J. and Arthur I. Segel. Harvard Business School case. 1997. 22 pp.

October 1 No Class Meeting due to 27th Annual Cornell Real Estate Conference

OPERATIONS: SYSTEMS, SERVICES, AND REGULATIONS AND RISK MANAGEMENT

XI. October 6

Assignment #3: Management Plan Introduced

Systems, services, and regulations
Risk management
Legal organization & torts
Insurance
Environmental and other gov't regs
Environmental hazards
Security audit

Required Readings

“Maintenance Management” from MANAGING AND LEASING COMMERCIAL PROPERTIES. 477-546.

XII. October 8

Property operations in practice
Service Contracts

Guest Practitioner

Robert Abrams

Required Readings

“Building Operations” from HANDBOOK OF COMMERCIAL REAL ESTATE INVESTING. 191-200.

October 13

Fall Break – No Class Meeting

MARKET ASSESSMENT AND ANALYSIS

XIII. October 15

Assignment #3: Management Plan Due
Assignment #4: Market Analysis Case Introduced

Introduction to real estate market analysis
Importance of market analysis
Market segmentation

Required Readings

“Market Research - A Tool for Generating Ideas” from REAL ESTATE DEVELOPMENT: PRINCIPLES AND PROCESSES. 253-268

“Market Analysis - Collecting, Validating, and Understanding Market Data” from REAL ESTATE DEVELOPMENT: PRINCIPLES AND PROCESSES. 415-431

“Market Demand Drivers” from HANDBOOK OF COMMERCIAL REAL ESTATE INVESTING. McMahan, John. New York: McGraw-Hill, 2006. 23-36.

XIV. October 20

Market analysis and assessment
Demand and supply factors
Statistics and market research

Required Readings

“Data Sources Supporting Market Studies” from REAL ESTATE DEVELOPMENT: PRINCIPLES AND PROCESSES. 433-445

“Kiplinger’s Tax Map”. Kiplinger.com. July 2004. 161-164

XV. October 22

Data resources for market research

Research and Analytical Applications

CoStar Group, Inc.
Bethesda, MD

Claritas
Ithaca, NY

Required Readings

“Using a GIS Tool in Real Estate Market Analysis” from REAL ESTATE MARKET VALUATION AND ANALYSIS. Kahr, Joshua and Michael C. Thomsett. New Jersey: John Wiley and Sons, 2005. 433-445

Review sample Real Estate Market Study reports posted on Blackboard

XVI. October 27th

Location Analysis
Regional analysis
Trade area mapping
Market share analysis

Required Readings

BAYSIDE. Poorvu, William J. Harvard Business School case. 2007. 18 pp.

XVII. October 29th

Site selection
Market research and analysis from developer’s perspective

XVIII. November 3

Approaches to real estate market studies
Forecast models

Guest Practitioner

Elysia Tse (MPS/RE '01)
Vice-President
BlackRock, Inc.
New York, NY

November 5

No Class Meeting due to Urban Land Institute (ULI) Fall meeting in San Francisco, CA

ACCESSING THE MARKET

XIX. November 10

Real estate marketing strategy and promotion
Commercial marketing campaigns

Required Readings

“Marketing and Leasing Commercial Properties” from MANAGING AND LEASING COMMERCIAL PROPERTIES. 177-254.

XX. November 12

Assignment #4: Market Analysis Case Due

Agents, brokers, and advisors
Residential marketing campaigns

Required Readings

PRINCIPALS, AGENTS, AND PARTNERS. Segel, Arthur I. Harvard Business School case. 2005. 7 pp.

KELLER WILLIAMS REALTY. Baron, James N. and Brian Tayan. Stanford Graduate School of Business case. 2007. 28 pp.

MANAGING THE REAL ESTATE ENTERPRISE

XXI. November 17

Assignment #5: Organizational Strategy Case Introduced

Strategy in the real estate company operation
Business analytics and the supply chain in real estate
Owner/manager relationship

Guest Practitioners

Frank Apesche
CEO and Managing Partner
Berkshire Property Advisors
Boston, MA

Daniel Stravinsky
SVP - Human Resources
The Berkshire Group
Boston, MA

Required Readings:

“Strategic Planning” from HANDBOOK OF COMMERCIAL REAL ESTATE INVESTING. 229-247.

“Rebuilding Advent Partners I – Strategic Management.” Apeseche, Frank. The Berkshire Group. 2008. 28 pp. (See Blackboard site)

Additional case materials on Advent Partners will be provided

Supplemental Readings

“Five Competitive Forces that Shape Strategy.” Porter, Michael E. HARVARD BUSINESS REVIEW. January 2008. 16 pp.

XXII. November 19

Building a performance management real estate organization
Culture and organization in real estate companies
Training, performance monitoring, and performance management systems

Guest Practitioners

Frank Apesche
CEO and Managing Partner
Berkshire Property Advisors
Boston, MA

Daniel Stravinsky
SVP - Human Resources
The Berkshire Group
Boston, MA

Supplemental Readings

- “Rebuilding Advent Partners II – Building a Performance Management Organization.” Apeseche, Frank. The Berkshire Group. 2008. 7 pp.
- “Talent Management.” Paul, Donna B. SOCIETY FOR HUMAN RESOURCE MANAGEMENT. 2008. 7 pp.
- “Rebuilding Advent Partners III – Compensation.” Apeseche, Frank. The Berkshire Group. 2008. 7 pp.
- “A Primer on Stock Options.” Shorter, Gary. Excerpted from THE ECONOMICS OF CORPORATE EXECUTIVE PAY. March 22, 2007. 1 p.
- “CII Policies on Executive Compensation – Appendix D.” CII-NACD Task Force January 2007. 14 pp.
- “Design of Employee Incentive Plans.” Wienberg, Ira. SOCIETY FOR HUMAN RESOURCES MANAGEMENT. July 2002. 6 pp.
- “Managing Direct Compensation.” Greene, Robert J. SOCIETY FOR HUMAN RESOURCES MANAGEMENT. April 2003. 10 pp.

XXIII. November 24

Managing a real estate company
Organizational Structure
Day-to-day operations
Financial control & reporting
Analysis of property performance

Required Readings

- “Organizational Strategies” from Strategy for Real Estate Companies. Hewlett, Charles A. and Gadi Kaufmann. Washington, DC: ULI-the Urban Land Institute, 2008. 105-126.
- “Budgeting” from MANAGING AND LEASING COMMERCIAL PROPERTIES. 433-476

Supplemental Readings

- “Administration and Record Keeping” from MANAGING AND LEASING COMMERCIAL PROPERTIES. 373-432.

November 26

Thanksgiving Holiday

XXIV. December 1

Hiring and oversight of management: Terms of the deal
Managing the office: Human resources
Performance evaluation and compensation
Boards and governance

Required Readings

“Governance” from HANDBOOK OF COMMERCIAL REAL ESTATE INVESTING. 279-302.

“Leadership” from HANDBOOK OF COMMERCIAL REAL ESTATE INVESTING. 213-228.

Supplemental Readings

“The Most Amazing Real Estate Company Ever – Again” from MAVERICK REAL ESTATE INVESTING: THE ART OF RAISING CAPITAL AND OWNING PROPERTIES LIKE ROSS, SANDERS, AND CAREY.
Bergsman, Steve. New York: John Wiley and Sons, 2006. 1-23.

XXV. December 3

Assignment #5: Organizational Strategy Case Due

Dewberry Case presentations
Leadership & ethics in real estate
Compensation structures
Course review and exam preparation

Required Readings

“Dewberry Capital.” Poorvu, William. HARVARD BUSINESS SCHOOL CASE. 2004. 20 pp.

“Transwestern – Strategic Thinking in Volatile Markets.” ULI REPOSITIONING CASE STUDY SERIES. 1992.
18 pp.

FINAL EXAM

Tuesday, December 15th
9:00 am to 11:30 am
Classroom to be announced.

SELECTED LIST OF REAL ESTATE MARKETING AND MANAGEMENT RESOURCES

Landlord/Tenant Law

Every Landlord's Legal Guide. Stewart, Marcia, Ralph Warner and Janet Portman. Berkeley, CA: Nolo, 2006.

Leadership and Management in Real Estate

Leadership legacies: Lessons Learned from the Real Estate Legends. Riggs, Trisha, editor. Washington, DC: ULI, 2006. ix-83.

From Good to Great to Best-in-Class: A Real Estate Leader's Guide to Optimal Performance. Lee, Christopher. Chicago: Institute of Real Estate Management, 2008. ix-163.

Leasing

Negotiating Commercial Real Estate Leases. Zankel, Martin I. Fort Worth, TX: Mesa House, 2001. x-270.

Commercial Lease Formbook: Expert Tools for Drafting and Negotiation. Horn, Dennis M., editor. Chicago: American Bar Association Section of Real Property, Probate and Trust Law, xvii-461

GUIDE TO WRITING A COMMERCIAL REAL ESTATE LEASE. Teitelbaum, Steven A. New York: Building Owners and Managers Association International (BOMA), 2005. xi-90.

Property Management (Apartments)

Practical Apartment Management. Kelley, Edward N. Chicago: Institute of Real Estate Management, 2004. ISBN: 1-57203-094-1. xv-392.

Property Management (Office)

Office Building Management. Domres, David G. et al. Chicago: Institute of Real Estate Management, 2002. xvi-379.

Tenant's Handbook of Office Leasing: How to Plan, Negotiate, and Enforce the Most Favorable Lease Transaction Possible. Wolfson, Stanley Mark. New York: McGraw-Hill, Inc. xxi-467.

The Investor's and Owner's Guide to Office Building Management. Shearer, Kenneth A. Business One Irwin (Richard D. Irwin, Inc.). Call #: HD1394.158 1992

Property Management (Retail)

Shopping Center Management and Leasing. Muhlebach, Richard F. and Alan A. Alexander. Chicago: Institute of Real Estate Management, 2005. xxii-446.

Property Management (Commercial – General)

MANAGING AND LEASING COMMERCIAL PROPERTIES VOLUMES 1 & 2. Alexander, Alan A. and Richard F. Muhlebach. Chicago: Institute of Real Estate Management, 2007. xvii-793.

STANDARD METHOD FOR MEASURING FLOOR AREA IN OFFICE BUILDINGS. New York: Building Owners and Managers Association International (BOMA), 1996. vi-27.

Management and Strategy

Strategy for Real Estate Companies. Hewlett, Charles A. and Gadi Kaufmann. Washington, DC: ULI, 2008. xviii-190.

Real Estate Market Analysis

The Site Book: A Field Guide to Commercial Real Estate Evaluation. Fenker, Richard M. Fort Worth, TX: Mesa House, 1996. vii-165.

Business Geography and New Real Estate Market Analysis. Thrall, Grant Ian. Oxford: University Press, 2002. ix-263.

Real Estate Market Analysis: A Case Study Approach. Schmitz, Adrienne and Deborah L. Brett. Washington, DC: ULI, 2004. xi-243.

Site Selection: New Advancements in Methods and Technology. Buckner, Robert W. New York: Lebharr-Friedman, 1998. xii-258.

Urban Economics and Real Estate Markets. DiPasquale, Denise and William C. Wheaton. Upper Saddle River, NJ: Prentice-Hall, 1996. xii-378.

Real Estate Marketing and Promotion

ULI InfoPacket Series on Real Estate Marketing. Washington, DC: ULI, 2005.

Workplace Design

Work Transformation: Planning and Implementing the New Workplace. Robertson, Ken. New York: HNB Publishing, 1999. xix-286.

WORKPLACE BY DESIGN: MAPPING THE HIGH PERFORMANCE WORKSCAPE. Becker, Franklin and Fritz Steele. San Francisco: Jossey-Bass, 1996. xvi-228.