

**BARUCH COLLEGE**

## **CAPSTONE COURSE: REAL ESTATE DEVELOPMENT I**

Real Estate: RES 3900 - PAF 4701

Fall Semester 2008

### **COURSE SCHEDULE AND ASSIGNMENTS**

Professor John Goering

Office Hours: Tuesday and Thursday before and after class  
and by appointment  
137 E. 22<sup>nd</sup> Street; 208

Email: [John\\_Goering@BARUCH.CUNY.EDU](mailto:John_Goering@BARUCH.CUNY.EDU)  
(646) 660-6960

### ***COURSE DESCRIPTION***

This yearlong course includes a broad survey and overview of real estate as a development processes, as markets, and in terms of investment options and development choices. Market and financial feasibility issues are assessed as they are critical for real estate development projects. Real estate financing is also of critical importance. The course includes an examination of development trends in the New York region as they affect real estate development options and decisions.

Central to the course will be the development of the student's own market feasibility analysis. We will also make use of case studies of actual development projects and decisions, including meetings with actual developers to review and understand their choices, costs and decisions. The course provides an opportunity to meet with and discuss development options and decisions by real estate professionals engaged in various sectors of the real estate industry in the New York area. The assigned textbook is *Real Estate Development*, by Mike Miles, Gayle Berens, and Marc Weiss (Urban Land Institute Press, 2007). The text is available at the bookstore or through the Urban Land Institute.

### **Required Readings**

**Real Estate Development**, by Mike Miles, Gayle Berens, and Marc Weiss; Urban Land Institute Press, 2000 (Identified below as: TEXT).

## Recommended Readings

Interested student may also read Richard Peiser and Anne Frej. 2003. *Professional Real Estate Development*. Washington, DC: The Urban Land Institute.

*The Real Estate Game: The Intelligent Guide to Decision-making and Investment*, by William Poorvu and Jeffrey Cruikshank, is a readable basic description of what developers do. New York: Free Press, 1999.

## Course Assignments/Requirements

Capstone students are of course required to master the text. Students are expected (required) to read chapters in association with classroom lectures and discussion. There will be additional current periodical reading requirements over the course of the semester.

There are four major course assignments for the semester:

**1. Real Estate News& Analysis:** Text books are often out of date and cannot capture current, exciting news and transactions that help illustrate important trends and opportunities for development.

Students are therefore required to read The Sunday *New York Times* real estate section which has a few relevant stories on commercial real estate, in addition to its main focus on individual property transactions for retail level consumer use. It has occasional articles of relevance. In addition, the Business section contains a regular feature. "Square Feet" that is often of use.

*The Wall Street Journal* has weekly, Wednesday stories on real estate. We will identify relevant stories each Thursday for discussion the next Tuesday. The Walls Street Journal's "Real Estate Journal": [http://RealEstateJournal.com/cityprofiles/newyork\\_ny.html](http://RealEstateJournal.com/cityprofiles/newyork_ny.html)

*Crain's New York* which has regular stories on local real estate. Copies of Crain's New York, from January 2003 to the present, are available in hard copy at the second floor Reserve Desk in Newman Library. Only one hard copy per issue is available. [Issues back to 1985 are on microfilm (3rd floor of library)]; see: <http://www.craainsny.com/>

The library also has full text articles from Crain's NY for earlier years in their 'Information Resources' databases (available on or off campus). Factiva, LexisNexis, PROMPT all should have the most current issue, and the next issue is usually posted about 5 days later.

Another very useful source of information on New York real estate is "the Real Deal" at: <http://www.therealdeal.com>. On a monthly basis, *The Real Deal* offers useful insights on specific market segments, deals, and brokerage issues.

There will be periodic readings handed out for class review and critique, as well as for occasional quizzes.

This material will be the subject of classroom discussion and periodic quizzes.

**2. Real Estate Website Comparison:** The second assignment requires that you select at least two real estate web sites and critically compare the information provided. Each student will examine, compare and critique real estate related websites that address US and/or New York real estate.

Students will need to identify in writing which 2 unique websites they will compare and submit (to the instructor) that list by the third week of class. Students whose requests are submitted first will most likely have those requests accepted while students who delay and submit a later request for the same sites will not be accepted – time matters. The actual website comparisons will be presented in class at roughly mid semester. The written reports are due at that time.

In your power point and then written reports you will need to focus on several issues:

- a. what information of what types is provided by each site;
- b. the utility of the sites for real estate professionals including how well does the site communicate)
- c. the limitations of the sites

**The websites cannot involve commercial or residential brokerage sites offering units for sale or rent.** No NAR sites for example; no broker listings sites. They may also **not include real estate news sites.**

More detail on this assignment is included beginning on page 13.

**3 & 4. Market Feasibility Report:** The third assignment addresses how to begin to assess the market feasibility of a real estate development project. Central to this is assembling information for a market feasibility study.

This assignment is in two parts. The first part requires that you make use of existing public data sources to assemble as much information as possible about the demand for real estate products in the area you intend to build.

The second part of this assignment ( and therefore your fourth class task) requires that you interview one or more local area experts, such as real estate brokers, community board managers, lenders, or property owners/managers, about their understanding of both demand and supply in their market.

Obtaining current information on both the current demand and supply forces in a sub-market, as well as accessing those who have personal information and insights is critical to effective market analyses.

Students will begin by making use of information from PropertyShark.com, which offers free information, data, and maps.

<http://www.propertyshark.com/mason/>

Most other services, like Geo Data Plus or Mightmaps charge fees:

[http://www.mightymap.com/about\\_mighty\\_map.html](http://www.mightymap.com/about_mighty_map.html)

<http://www.geodataplus.com/default.aspx>

**A short memo is due to me by no later than the end of October listing and describing the roughly 4 census tracts that you have selected for your Market analysis as well as an explanation as to why you selected the area.**

**A Written Report: You then do a written report integrating what you have learned from both assignments 3&4 and present that both verbally in class and in writing at the final class session.**

More detail in these assignments is provided on page 16.

### **Evaluation of Student's Performance**

Final grades are based upon the cumulative performance of each student. The components include: quizzes, homework assignments, a midterm and final exam, and classroom participation, and engagement with any real estate professionals who provide case studies will also be assessed. Students are expected/required to have read the text book. Note that topics that are covered in depth in the textbook, that may be given cursory treatment in the classroom, will likely be the subject of exam questions.

Exams will focus on central learning issues from the textbook, classroom lectures. Students are expected to become familiar with key concepts and issues as discussed in the text. Class meetings and discussions assume and expect the active participation of students.

Any homework needs to be handed in at the start of the class on the date due. No late assignments will be accepted, nor will there be any make-up exams or quizzes. (In the event of a verified emergency that prevents the student from taking the final exam, he or she may participate in the next scheduled college make-up day.)

No cell phones are allowed for use during class.

No **laptop computers are not permitted for use in the class** for the following reason:

***"Laptops vs. Learning***

***By David Cole***

***Saturday, April 7, 2007; A13. The Washington Post***

***"Could you repeat the question?"***

***In recent years, that has become the most common response to questions I pose to my law students at Georgetown University. It is usually asked while the student glances up from the laptop screen that otherwise occupies his or her field of vision. After I repeat the question, the student's gaze as often as not returns to the computer screen, as if the answer might magically appear there. Who knows, with instant messaging, maybe it will.***

***Some years back, our law school, like many around the country, wired its classrooms with Internet hookups. It's the way of the future, I was told. Now we are a wireless campus, and***

*incoming students are required to have laptops. So my first-year students were a bit surprised when I announced at the first class this year that laptops were banned from my classroom.*

*I did this for two reasons, I explained. Note-taking on a laptop encourages verbatim transcription. The note-taker tends to go into stenographic mode and no longer processes information in a way that is conducive to the give and take of classroom discussion. Because taking notes the old-fashioned way, by hand, is so much slower, one actually has to listen, think and prioritize the most important themes.*

*In addition, laptops create temptation to surf the Web, check e-mail, shop for shoes or instant-message friends. That's not only distracting to the student who is checking Red Sox statistics but for all those who see him, and many others, doing something besides being involved in class. Together, the stenographic mode and Web surfing make for a much less engaged classroom, and that affects all students (not to mention me).*

*I agreed to permit two volunteers to use laptops to take notes that would be made available to all students. And that first day I allowed everyone to use the laptops they had with them. I posed a question, and a student volunteered an answer. I answered her with a follow-up question. As if on cue, as soon as I started to respond, the student went back to typing -- and then asked, "Could you repeat the question?"*

*When I have raised with my colleagues the idea of cutting off laptop access, some accuse me of being paternalistic, authoritarian or worse. We daydreamed and did crosswords when we were students, they argue, so how can we prohibit our students, who are adults after all, from using their time in class as they deem fit?*

*A crossword hidden under a book is one thing. With the aid of Microsoft and Google, we have effectively put at every seat a library of magazines, a television and the opportunity for real-time side conversations and invited our students to check out whenever they find their attention wandering.*

*I feel especially strongly about this issue because I'm addicted to the Internet myself. I checked my e-mail at least a dozen times while writing this op-ed. I've often resolved, after a rare and liberating weekend away from e-mail, that I will wait till the end of the day to read e-mail at the office. Yet, almost as if it is beyond my control, e-mail is the first thing I check when I log on each morning. As for multitasking, I don't buy it. Attention diverted is attention diverted.*

*But this is all theory. How does banning laptops work in practice? My own sense has been that my class is much more engaged than recent past classes. I'm biased, I know. So I conducted an anonymous survey of my students after about six weeks -- by computer, of course.*

*The results were striking. About 80 percent reported that they are more engaged in class discussion when they are laptop-free. Seventy percent said that, on balance, they liked the no-laptop policy. And perhaps most surprising, 95 percent admitted that they use their laptops in class for "purposes other than taking notes, such as surfing the Web, checking*

*e-mail, instant messaging and the like." Ninety-eight percent reported seeing fellow students do the same.*

*I am sure that the Internet can be a useful pedagogical tool in some settings and for some subjects. But for most classes, it is little more than an attractive nuisance. Technology has outstripped us on this one, and we need to reassess its appropriate and inappropriate role in teaching. The personal computer has revolutionized our lives, in many ways for the better. But it also threatens to take over our lives. At least for some purposes, unplugging may still be the best response.*

*David Cole is a professor at Georgetown University Law Center. His e-mail address is [iscole@law.georgetown.edu](mailto:iscole@law.georgetown.edu)."*

**Attendance** is required as the material in this course cannot be mastered without class attendance and participation. Attendance will be taken at each session. You are permitted only three absences for any reason. For each absence above four for any reason (excessive lateness also counts as absence), your final course grade can be reduced by one notch (e.g. from B+ to B). If you have more than six absences, you may receive a WU grade and be dropped from the course.

Written/oral assignments	30 points
Including market feasibility analysis	
Mid-term exam	25
Final exam	30
Class Participation/discussion including RE press reports	15
<b>Total</b>	<b>100 points</b>

### **Academic Integrity/Honesty**

It is of course understood that no student will, in any way, cheat in class, quizzes or on homework assignments.

N.B. If any *cheating or plagiarism* occurs, the party involved will receive an automatic failing grade in the course including referral to College authorities. Plagiarism is defined as the presentation of the work of another as one's own. This includes direct copying without acknowledgment, submitting research papers or computer programs/analysis prepared by someone else, and copying written sources with only minor changes in wording, whether cited or not.

### **Class Schedule**

The issues and schedule for the class is presented below. The schedule is provisional in that we will take advantage of opportunities to meet with key real estate professionals when their schedules permit and it may therefore require rearranging some class material to accommodate them.

This text and class lectures and discussion are two of key means that will be used in building a framework for understanding real estate development and decision making related to reasoned

investment decisions. Many of the terminological and institutional details of real estate are important and are addressed in the textbook.

Time spent in the classroom will not involve the development of spreadsheet skills (which is addressed in PAF 3550) or accessing Internet based real estate databases. These skills are however critical and will be referred to during the course.

**Sessions:** Class work will typically follow the order of the sessions as outlined below. As noted above, we will take advantage of opportunities to meet with real estate professionals from the private or public sector as their schedules permit.

### **1. Curriculum and Introductions:**

We will begin with a presentation of the curriculum and a discussion of evaluation criteria. Following this there will be a short question and questionnaire to fill out.

**Students are expected to read the following chapters of the Text prior to the midterm exam: Chapters 1-3; 7-12; 16-17.**

**For the final exam students are to read all remaining chapters (but not including chapter 15 on affordable housing).**

### **2. Basic Concepts/Principles of Real Estate Development.**

TEXT Chapter 1, "Introduction to Real Estate"; also TEXT Chapter 3, "Developers and Their Partners".

"Real estate development is the continual reconfiguration of the built environment to meet society's needs." (text, 3).

"Developers take risks." (Peiser, 3).

Central to this discussion is a focus on real estate market cycles, the stages of development, and a general overview of market niches and different property types including, residential including multifamily housing, office/commercial, retail developments, hotels, and other industrial uses. The issue of "risk" will be introduced.

Students will need to assess macro-level risks and opportunities as a context for locally-based development choices. Local-level risks and choices are fundamental to the real estate due diligence process.

### **3. Market Analysis: Key Components of Real Estate Supply and Demand:**

Read in the TEXT, Chapter 10, "Inception of an Idea"; Chapter 11 "Market Research"; Chapter 12, "Refinement of the idea".

Read also chapter 16, "The Feasibility Study"; Chap. 17, and Chap 18 "Data Sources supporting Market Studies." These chapters are essential. This material forms the heart of this semester's course.

It is essential to understand how to describe past, current and prospective demand and supply for various real estate submarkets. Students need to have an appreciation of how to conduct basic market and financial feasibility studies as part of a real estate project as this understanding will be put to use in Capstone II. The text provides valuable insights into this process of due diligence.

FW Dodge is one firm that provides relatively unique supply-side information. A useful site of one firm that performs market feasibility and other studies is [www.danter.com](http://www.danter.com). They provide free copies for downloading of some of their analyses. They also offer a useful section on “What is Real Estate Research, Anyway?”

#### **4. Real Estate and Internet Resources**

This section entails a brief overview of the resources available for students as they plan their work for this course, as well as for subsequent career options. The relatively rapid growth of electronically available information and data sources helps both students, and professionals in accessing ideas and information about both the supply and demand side of markets.

#### **5. New York as a Real Estate Market**

“Knowledge of the marketplace can give beginning developers the competitive edge they need.”  
(Preiser, 7)

TEXT: Chapter 2, “The Raw Material: Land and Demographics in the US.”

Chapters 7-9, “The History of Real Estate Development in the United States.”

New York is classified as one of the world’s global cities. Its regional dynamics are both linked to and different from the rest of US markets. Understanding the uniqueness and the commonalities is central to doing development within the market. On the residential side, New York is much more heavily rental than most other US cities, with larger proportions of coops and rent stabilized units than any other US city. Your task is to begin to appreciate New York as a special marketplace for development and investing, recalling that Manhattan and the outer boroughs are often quite distinctive.

Among the key sites for information on the New York economy is the NY Federal Reserve at: [www.NY.FRB.ORG/rmaghome/regional](http://www.NY.FRB.ORG/rmaghome/regional). This site provides frequently useful if elementary descriptions of local economic and labor force trends including forecasts of regional payroll employment. See regular Beige book analyses.

In addition, New York City’s Office of Management and Budget (OMB) issues useful, monthly assessments of labor force/jobs growth and decline. It also provides an assessment of commercial real estate. It provides some comparisons with the US.

[http://www.nyc.gov/html/omb/pdf/ec12\\_02.pdf](http://www.nyc.gov/html/omb/pdf/ec12_02.pdf)

See also the report “US Housing Market Conditions” by HUD (at HUDUSER.ORG), which provides a description of certain key employment and real estate trends on the NY region. This report provides an overview of trends in housing finance, including information on delinquencies



and foreclosures; apartment absorption, units with permits, under construction and completed by quarter. It also provides trends in house prices and home sales (it is free).

But the trade press assignment is the only means for assessing recent investment and deal activity within New York City.

## **6. Real Estate and the Retail Sector**

The retail sector is distinctive for many reasons which we will examine. The reading will be: "Retail Development" from Richard Peiser and Anne Frej. Professional Real Estate Development. ULI, 2003. Mapping of information is a crucial part of retail market studies.

For retail websites see:

The International Council of Shopping Centers web site is:  
<http://www.icsc.org> (although much of their information requires a member login).

There is also useful retail information at: [www.retailindustry.about.com](http://www.retailindustry.about.com). They have a section on retail statistics and market research data. They for example will also refer you to "Shopper Track" or <http://www.shoppertrak.com/>

Claritas, for example, provides information on retail markets by various geographic segments of a local area; see:

<http://www.clusterbigip1.claritas.com/claritas/Default.jsp?ci=2&pn=answersfour>

## **7. Real Estate Finance: The Broad Strokes**

TEXT, Chapters 4, 5, and 6 on "Finance".

What are the sources of capital for real estate development and how have they changed? The financial assessment of risk and return. Assumes an understanding of net operating income. (The use of software, most notably Argus, to create a spreadsheet is covered in PAF 3550).

**Estimating the Costs of Real Estate Development: Construction \$ Soft Costs:** You will need to provide estimates of the cost of construction for your Capstone project. This includes both hard and soft costs.

A useful, free site is that of RS Means. (R.S. Means is one of the US' leading suppliers of construction cost information. Means provides reasonably accurate and up-to-date cost information that will give you an initial estimate. More refined cost estimates are provided to owners/developers and architects by engineers and contractors to carefully and precisely project and control the cost of both new building construction and renovation projects: <http://www.rsmeans.com/>. See the "Quick Cost Calculator," as well as an on-line dictionary. They will provide you an initial cost estimate after you register; it is only a professional, free, ball-park estimate. Many students supplement these estimates with insights provided by local general contractors. Their latest URL is: <http://www.firstsourceonl.com/Means/index.asp>

Students will undertake a simple cost estimation and discuss it in class.

## **8. Real Estate Development Case: Multifamily**

Central to real estate analysis is an appreciation of all of the stages and components of real estate development. The semester will conclude with one such simple case. **“Multifamily Residential Development” : A Case Analysis.** See chapter in Richard Preiser’s. 2003. *Professional Real Estate Development*. Washington, DC: The Urban Land Institute, on multifamily development.

Note that useful data is also included in ULI's **"Dollars and Cents of Multifamily Housing."** It provides reasonably current estimates of building costs and expenses for the NY area.

## **9. Real Estate Trends: Looking into the Future?**

TEXT, Chapter 23, “A Note about the Future.”

It is notoriously difficult of course to make educated and informed guesses about future trends in real estate, even though it is an assumed part of estimating the financial returns on most properties.

Nonetheless, there is considerable attention paid to estimating on a quarterly or annual basis the types of real estate transactions that are most likely to experience growth or stagnation.

PricewaterhouseCoopers, *“Emerging Trends in Real Estate,”* is provided annually by PWC and includes an assessment of trends in investment and real estate development, including a useful overview of how much money is flowing into the real estate arena. There is a chapter that provides their assessment of what are the hot markets to watch and includes a discussion on New York.

There are a number of other private real estate centers that also offer assessments of likely trends. Another report is: “Real Estate Cycles and Outlooks” an annual report by Torto Weaton Research, a division of CB Richard Ellis. The report is usually available for downloading from their website.

[https://www.twr.com/default.aspx?\\_title=MemberHome](https://www.twr.com/default.aspx?_title=MemberHome)

**10. Student Presentations:** Students will offer their reports on real estate websites and on their combined assignments 3&4.

**Final market feasibility reports are due at the final class: no exceptions**

**Real Estate Website Comparisons:**

In your Website reports you will need to focus on several issues:

- a. what information of what types is provided by each site;
- b. the utility of the sites for real estate professionals including how well does the site communicate)
- c. the limitations of both the presentation of information and any limitations of the sites that you can identify

Your verbal and written reports need to address the utility and benefits of each site as well as their shortcomings – every site has some. The latter should address such issues as the usefulness,

accuracy and timeliness of the information offered from the perspective of you as a real estate analyst. That is, students are expected to discuss the pros and cons of the websites they select.

Students will provide a short oral presentation in class on the uses and limitations of the information and data offered. A short written assessment of this comparison will be completed in writing (typed) by the class during which these presentations are made. Late submissions will result in the loss of a letter grade.

There are scores of useful websites. You can find useful suggestions of real estate related web sites at the NYU real Estate Library website: <http://www.nyu.edu/library/rei/weblinks.htm>

Since brokerage sites cannot be selected, nor can retail or consumer oriented mortgage lending sites, for a listing of the top real estate research market analysis firms, and their URL's see: <http://www.rebuz.com/Directory/real-estate-market-research.htm>

There are, for example, a number of major real estate research firms whose reports are either free or for a fee. They represent an important source for students who, upon graduation, may be asked for market assessment data and insights on other cities/markets throughout the US, or even worldwide. Among these sites are the following:

**Developers:**

Douglas Durst <http://www.durst.org/master.htm>

Muss Development

The Moinian Group

Macklowe Properties

<http://www.macklowe.com/>

Rockrose Development Thor Equities

Forest City Ratner

Rose Associates

The Related Companies

GE Real Estate

Tishman Speyer

(and many more)

REITs: NAREIT (see: <http://www.reitnet.com>)

Green Street Advisors

<http://www.greenstreetadvisors.com/about/page/ourperformance/>

REITnet.com

SLGreen Realty Corp

Vornado

Centro (and many more)

**Analytics:**

ING Real Estate

Marcus&Millichap: <http://www.marcusmillichap.com/Research/News.asp>

Grubb&Ellis

Colliers International

Newmark Knight Frank  
Corcoran Group Real Estate  
Jones LaSalle has regular surveys, reports and data of great interest on the office sector, including international: <http://www.joneslanglasalle.com/news/index.asp>  
Portfolio and Property Research (PPR)  
Real Capital Analytics  
Real Estate Research Institute (RERI.org)  
CoStarGroup.com  
[http://www.costar.com/Products/Default.aspx?ekmense1=8\\_submenu\\_78\\_link\\_1&ekmense1=8\\_submenu\\_78\\_btnlink](http://www.costar.com/Products/Default.aspx?ekmense1=8_submenu_78_link_1&ekmense1=8_submenu_78_btnlink)

REIS.com  
Altos Research  
<http://www.altosresearch.com/>  
Price Waterhouse/Coopers  
Ernst & Young (real estate)  
Economic Research Associates at:  
<http://www.econres.com>

PREA: Pension Real Estate Association (real estate investors)  
<http://www.prea.org/>

NCREIF  
Axiometrics (apartments only)  
Danter Company: market Feasibility for the real estate industry  
Zillow  
UBS Global Real Estate  
FIABCI

Among the major sites with useful information on New York is McGraw Hill's FW Dodge: <http://www.mag.fwdodge.com>. They provide information on a number of critical market assessment issues most especially supply or "pipeline" issues.

The Realtor's site also offers a basic listing of useful (consumer level) real estate and real estate finance concepts and terms ([realtor.com/RealEstateLib/default.asp](http://realtor.com/RealEstateLib/default.asp)). The text also includes a glossary in appendix C.

An umbrella site that addresses a large number of issues related to residential home purchase can be found at [www.homestore.com](http://www.homestore.com) including remodeling, homebuilder and realtors.

A website that addresses international real estate, including the US is: <http://www.ired.com/> This site has a useful list of 'agent's services' including a list of software available, jobs available, and a site for homes for sale by owners. It includes a link for repairing credit scores and problems.

### ***Foreclosures:***

There are commercial websites devoted solely to listing and managing foreclosed properties. Some entail a fee or membership cost for the use of such sites. Typical of these is the "National Foreclosure Survey of the Mortgage Bankers Association; see:

<http://www.mortgagebankers.org/ResearchandForecasts/ProductsandSurveys/NationalDelinquencySurvey.htm>

See also McDash Analytics which offers mortgage and foreclosure data for the US:

<http://www.mcdash.com/products/>

<http://www.propertytrac.com>

[Www.foreclosurelistings.com/](http://www.foreclosurelistings.com/)

<http://www.foreclosureworld.net>

Foreclosurefreeresearch.com

For New York foreclosures, including free information, see:

<http://www.newyorkforeclosures.com/introduction.htm>

See also NYC Property Research that offers a range of useful, free information. It offers information about surrounding area parcels and comparables, as well as the foreclosed site. It gives information on how taxes were calculated, lists HPD violations against the property, and provides a short title history.

<http://www.nycpropertyresearch.com/cgi-bin/indexfors.cgi>

The JER website includes free listings of foreclosed properties for sale:

[http://www.jer.com/RevServ/Auc\\_NYC/NYC\\_ForSale.asp?strMenuLastOpened=Out60s](http://www.jer.com/RevServ/Auc_NYC/NYC_ForSale.asp?strMenuLastOpened=Out60s)

New York City's Department of Citywide Administrative Services also holds periodic sales of purchase real estate (there was one held in July 2003):

<http://www.nyc.gov/html/dcas/html/auctions.html>

For HUD foreclosures see: <http://www.hud.gov/offices/hsg/mfh/pd/mfplist.cfm>.

For a discussion of HUD multi-family property sales see:

<http://www.hud.gov/offices/hsg/mfh/pd/multifam.cfm>

There are also chat rooms and advice sites on foreclosures, whose benefits cannot be evaluated. See:

<http://ice.prohosting.com/~2board/board3/>

### **Real Estate Organizations:**

BOMA and IREM

ULI (a website with lots of research and courses)

REBNY

Mortgage Bankers Association (see their research reports)

Coops&Condosinfo

There is a host of other useful sites, such as:

1. OfficeDirectory.com
2. PropertyByNet.com
3. RealtyIQ.com
4. <http://www.newmarkre.com/index.htm> (Newmark&Company)
5. On Starker tax exchanges or 1031's see: <http://www.1031.org/about1031/index.htm>
6. Real estate spider search engines:  
<http://www.propertyovernny.com/>

And the list keeps growing.

## **Market Feasibility Analysis: Part I:**

### **Demand & Supply + Crime data**

This assignment initially involves making use of *publicly available data* and information on the population living in any specific neighborhood within New York City.

The area should have a real estate development potential that requires that you conduct this analysis of both real estate demand and supply

Demand: The first part of this assignment is for students to prepare a description of the potential demand for residential housing in either their own neighborhood or a neighborhood where you feel there are opportunities for development. This includes the basic size of the population living in the immediate neighborhood or census tract. You will need to report the population living in the area as of the last, most recent census of 2000 and using 2005 census data released through NYU's Furman Center. This site provides a summary of information about "The State of New York's housing and neighborhoods."

[http://www.law.nyu.edu/realestatecenter/SOC\\_intro.htm](http://www.law.nyu.edu/realestatecenter/SOC_intro.htm)

Information about the people/population and housing in the borough. This is obtained from census Quick facts whose URL is: <http://quickfacts.census.gov/qfd/>

Go to Census Quick Facts for the NY borough you are interested in, e.g. the Bronx at: <http://quickfacts.census.gov/qfd/states/36/36005.html>

This site will provide you with a lot of information or "people quick facts." Select those facts that are most important for a new real estate developer to understand before deciding to undertake possible real estate investment in the borough.

Basic sources on data for New York City community boards and neighborhoods are:

a. info share: <http://www.infoshare.org>

b. there are community district needs reports for each of the city's districts see:

<http://www.nyc.gov/html/dcp/html/pub/cdnd05.html>

c. Myciti.org is a user friendly method of getting neighborhood information and mapping:

[http://www.oasisnyc.net/OASISCiti.asp?name=OASIS+Citi&Left=906862&Bottom=115882&Right=1070276&Top=279296&zoomwidth=30&refresh.x=27&refresh.y=12&PARKS\\_CITI=on&CEMETERIES\\_CITI=on&STREETS\\_CITI=on&TRN\\_CITI=on&NYC\\_ST\\_LABELS=on&NYCCB=on&LOTS=on&BLOCKS=on&Action=identify](http://www.oasisnyc.net/OASISCiti.asp?name=OASIS+Citi&Left=906862&Bottom=115882&Right=1070276&Top=279296&zoomwidth=30&refresh.x=27&refresh.y=12&PARKS_CITI=on&CEMETERIES_CITI=on&STREETS_CITI=on&TRN_CITI=on&NYC_ST_LABELS=on&NYCCB=on&LOTS=on&BLOCKS=on&Action=identify)

d. New York City Oasis project site also offer valuable local area market related data:

<http://www.oasisnyc.net/>

e. A number of other sites offer thumbnail descriptions of local neighborhoods that include relevant summaries. See for example the NAR site (Realtor.com) offers a "Neighborhood Summary" under their 'Find a Neighborhood' link.

<http://www.realtor.com/FindNeig/NeigDetail.asp?detzp=10016&lnksrc=REALN1LF2C0002&1.x=6&1.y=10&gate=realtor&poe=realtor>

Crime: Another source of hard information or data you need to collect for your market area is Neighborhood Crime statistics. The level of crime in a neighborhood is one, of several, key sources of information you need to include in your real estate business plans as it can affect how clients or investors evaluate the relative security of their purchase or investment.

For the area you select, report on the most recent crime data and the level of change or decline over the last several years. This information is available at:

[Weekly Crime Statistics](#)

URL: [www.ci.nyc.ny.us/html/nypd/html/pct/cspdf.html](http://www.ci.nyc.ny.us/html/nypd/html/pct/cspdf.html)

The weekly crime statistics (CompStat) are posted on the Monday two weeks after the closing date.

## 2. Supply:

A. There is only a limited amount of data sources that can help you evaluate the supply of real estate in your market. Corporations such as CoStar provide a limited amount of information to universities on parts of the New York market.

One source that you should use to learn about the available supply of property throughout the city is **Property Shark:**

<http://www.propertyshark.com/cgi-bin/index.cgi>

To assist you in evaluating current prices for residential real estate a useful site is powered by Freddie Mac's nationwide data base of sales prices and tax records that date back to 1972. You enter the address and the site will provide a reasonably current estimate of the property's current market value. You may do this for a number of nearby properties; <http://www.homeadvisor.msn.com>

Another source of information on supply side is from First American Real Estate Solution. Their product, RealQuest.com, provides detailed property level information used by appraisers and other market analysts. A copy of this is available from the library reference desk. (One user at a time though). [http://www.firstamres.com/industry/real\\_estate.jsp](http://www.firstamres.com/industry/real_estate.jsp)

Real Quest provides a Property level screen with helpful information on your or competitors assets. It also has a “comparables” screen. It has a neighborhood screen with select tract level information, and a transaction history. It also offers a street map for sites. <http://www.firstamres.com/products/realquest.jsp>

You can also obtain a limited amount of building permit information. To begin the process of assembling relevant information students will access two types of information from the US Census Bureau, which is available at [www.census.gov](http://www.census.gov).

A. Once you are at the site, click on “Access Tools.”

<http://www.census.gov/main/www/access.html>

B. You next go to Censtats.

- When you are there the first information you will gather is **building permit information for the borough** on the borough or county within New York in which you are interested. This will tell you how many residential permits were issued in the most current month for which there are data. It will also tell you how much residential building has occurred in your borough for the last year as well as an estimate of costs.

## **Market Feasibility Analysis: Part II:**

For a number of reasons, none of these data course will tell you all you really need to know about supply side of real estate markets. Data take too long to become public and are often for too wide or broad a unit of geography to help you understand supply-demand tensions for your specific sub-market or niche. It is there fore essential to seek the information, advice and opinions of:

**Meet with real estate professionals for your market to understand their views on the supply, pricing, and other features of what is available.**

The fourth assignment involves interviewing, or talking with, at least two real estate professionals in the area you have focused upon for your market analysis.

(Note: they may not be colleagues or staff in the firm in which you are currently working as an intern or full time employee).

The focus of the interviews is on the following sets of issues:

- a. who is moving into and looking for housing in the area you are interested in and what types of properties are they looking, at what price levels or rents, and with what amenities.
- b. what is the supply side like in their micro market. That is, who is buying, remodeling, or building housing, retail or office space in the market area/neighborhood? What



- exactly are they building, at what price points and with what amenities? How quickly are these units being rented or absorbed?
- c. What special risks or problems are there that might affect development opportunities in this area?

The person you interview is to be asked, then, about their views on the **demand** for residential, retail, or commercial office space in your local area and about the **supply** of new housing as well as current sales prices and the absorption of real estate products in the market area you have selected.

The purpose of these interviews is for you to gain experience asking questions about any new projects being developed in the immediate area, current pricing and rent levels, any rent allowances or other incentives being offered, and the typical package of amenities offered.

Most of this information is not available from public sources. Note that their insights and information can often either support, challenge, or supplement the information you collect from publicly available data sources identified in assignment #3.

**A Written Report: You then do a written report integrating what you have learned from both assignments 3&4:**

At the end of assignments #3 and # 4, students will prepare a written summary of what information and data you have gathered about real estate in your borough and neighborhood. Students will prepare a short written report in which they include information on how many building permits there are for what type of property, and what types of people and housing there are in your borough. You will then combine this with the views and judgments of the real estate professionals who work in that area that you have talked with.

Many of you will have the opportunity to verbally summarize this information in class. You may use power point to assist you in this presentation. (PowerPoint is required for the Spring capstone presentation).

The written final version of this report is due at the final class session. Late reports will lose one letter grade.

**Do's and Don'ts: Basics of Preparing Your Market Feasibility Analysis Report.**

These are the elemental, simple parts of what must be included for your report to be complete.

**1. This report is not a recitation of facts nor is it an assembling of a lot of tables, maps and charts.**

It must be a thoughtful assessment of what makes a market work or tick for commercial real estate purposes. For an example of what is offered and required in the private real estate market see:

[http://planmagic.com/business\\_plan/real\\_estate\\_agent\\_business\\_plan.html](http://planmagic.com/business_plan/real_estate_agent_business_plan.html)

There are a number of major does and do not's: take note as they will affect your grade:

1. You may not use as the area for your Market Feasibility Analysis (MFA) any of the following: a city, an entire borough, or a zip code.

What you must do is select roughly 4 **census tracts** as the micro neighborhood in which you will be do analysis of supply and demand dynamics. That is, you may not do all of Passaic, Flushing, Bayridge, or Buswick.

2. You must include decennial census information. [www.census.gov](http://www.census.gov)

In addition you are to make use of the NYU Furman center Report on Housing and New York City Neighborhoods"see: [http://furmancenter.nyu.edu/CREUP\\_Papers/state\\_of\\_the\\_city/SOC\\_intro.html](http://furmancenter.nyu.edu/CREUP_Papers/state_of_the_city/SOC_intro.html)

You must also make use of information and data from: Property Shark.com;  
<http://www.propertyshark.com/mason/nyc/>

You will also most likely need to use and cite City Habitats *Black and White Report* for the most recent period> See: <http://citi-habitats.com/market.php>

3. You must do **trends covering from 1990 to 2000;** and them from 2000 to the present.

4. You must compare your few census tracts with the patterns and trends in the borough as whole. This is how does your part of Astoria compares with what is happening in all of Queens.

5. You must include reference in your report to the following census type information or variables:

Population size and growth from 1990 to 2000

Income in the area and change from 1990; Also include % of population living in poverty; unemployment in the area; education. Do not just tell me that Buswick has a median income of \$27,000 but rather tell me what this means for a developer.

Household composition; number of married couples; singles; non-married couples, etc.

Age: Median and number of your adults, children and elderly.

Ethnicity/race and immigration: What is the ethic and racial makeup of your area?

You must include a sensible map of the market area.

6. **Supply:** This is the harder of the two core parts. You must include information on vacancies, absorption time, and the key issue of what is being planned. Property Shark and Craig's List can help as will local brokers.

Do not just tell me that there are some condos being but rather find out what their design is, amenities, when they will come on line, and at what rents or prices. This is central: they are your competition. If they come on line 9 months before your project is due, and there is rapid absorption, there is no concern. If their doors will open the same time yours will, and there is slow absorption, you have a real problem in selling this to investors.

7. You must interview at least 2 local area brokers or property managers. One in not enough.

8. Your report must include a separate caption/section addressing the area's zoning and any current changes; e.g. up or downzone and their impact on any planned development

9. Risks and Area Weaknesses: Your report must include an analysis of any weaknesses or problems in the area. This includes crime data. You must make use of local NY city crime data and not summary FBI numbers. For crime you must do the last year, 2-3 years; and the last 12 years.

***Editorial Issues:***

Your report must be organized: this means making use of captions or section headings.

All charts and tables must be labeled saying what they are. No guessing for readers.

The core of the report must include: an overview of the market area; followed by an analysis of demand and population; supply side dynamics; and then a final summary and any recommendation.

Do not use first person singular; as in "I feel that; or I believe that..."

You must include in your endnotes a detailed explanation of what exact sources you use and include any URL's. When citing sources, you must include the broker's names, firm, date you talked to them, and their phone numbers.

Put all detailed tables into appendices. Keep in mind that the reader is an investor and not a teacher.

Round of all percentages to one place: so: not 9.47% but 9.5%.

You may not interview any current or prior class members for this assignment (even if they are brokers or managers in the area you are focused on).

The course, as mentioned, also includes learning by engagement with professionals who are actively engaged in real estate development. These professionals will present descriptions of individual development plans they have made, including land acquisition, financing, and financial assessments (proformas), or property management arrangements. Students are expected to raise questions so that they fully appreciate the development decisions made and how specific real estate developments are expected to or lead to housing, financial and/or other real estate outcomes.

**Additional Real Estate Data/Information:**

A great deal of good real estate analysis, and development, is based upon accessing the best, most current information. What sources of information can I use to understand real estate?

There are also a large and growing number of publicly accessible real estate databases and web sites that are of special relevance to this course. Familiarity with these sources of information is of fundamental importance to the skill set which students bring to the real estate industry. It is also a resource that is evolving and changing fairly rapidly so new sites and information will become available during the course of this year.

An example of a regular market report about the New York Real estate market that is issued, at no cost, which offers basic information about local subareas, produces per sq foot prices, and trend data is:

The Douglas Elliman report, "Manhattan Market Report, 1993-2002: 10-Year Sales Trend Analysis."

[http://www.elliman.com/images/reports/elliman\\_10year.pdf](http://www.elliman.com/images/reports/elliman_10year.pdf)

It is important to realize that much useful information is only available for sale. Companies such as Economy.com provide a wide range of useful real estate and housing data including forecasts. Another firm, Claritas, also provides data and reports including market assessments; see for example:

<http://www.clusterbigip1.claritas.com/claritas/Default.jsp?ci=3&si=2&pn=ixpress>

<http://www.clusterbigip1.claritas.com/claritas/Default.jsp?ci=2&pn=answersfour>

Another, primary source is direct contact with persons active in the real estate and real estate investment banking industries, including owners and developers; real estate sale, leasing, and mortgage brokers; representatives of commercial banks and insurance companies; pension fund advisers and opportunity fund managers; managers of publicly traded and privately operated real estate investment trusts and real estate operating companies; real estate investment bankers, equity and debt securities traders, and Wall Street real estate securities analysts; representatives of the rating agencies; real estate research professionals; persons associated with the real estate E-world. Most if not all are usually willing to share information, insights, and their opinions regarding the current and future state of the real estate industry and the real estate capital markets.

The major university library that has a large real estate collection is NYU's Brause (The Jack Brause) Library located at 11 West 42nd Street, room 510. It is one of the best real estate collections covering material on New York. In addition, due to a gift from the Old York Foundation, Baruch's library has now acquired a number of the major real estate reports, databases, and publications. It is essential for students to become familiar with the resources available at these libraries. For NYU, it is however necessary to call the library one day in advance to obtain permission to use their collection. Their number is: (212) 790-1325.

There are real estate industry and real estate securities publications that are available on a subscription basis; they are listed below. I have included the URL so that you can visit the Web site. (Not included are standard industry publications such as Crain's, National Real Estate Investor, Real Estate Forum, and Commercial Property News.)

- Real Estate Finance & Investment, "The Newsweekly of the Commercial Property and Capital Markets," published by Institutional Investor, Inc. ([www.irrealestate.com](http://www.irrealestate.com)).
- Commercial Mortgage Alert, "The Weekly Update on Real Estate Finance and Securitization", published by Harrison Scott Publications, Inc. ([www.CMAAlert.com](http://www.CMAAlert.com)).
- Realty Stock Review: Market Analysis of REITs & Real Estate Operating Companies and Property published by RainMaker Media Group LLC ([www.realtystockreview.com](http://www.realtystockreview.com)) and ([www.property-mag.com](http://www.property-mag.com)), respectively.

- Investment Property, "The Real Estate Capital Markets Report", Institutional Real Estate Securities, "The Strategic Information Source for Portfolio Managers" which will become REITStreet as of January 2001, The Institutional Real Estate Letter, "The Information Source for Tax-Exempt Real Estate Real Estate Investors", and Institutional Real Estate Newslite, "The Weekly E-Digest of Institutional Real Estate Investment News", all published by Institutional Real Estate, Inc. ([www.irei.com](http://www.irei.com)).

In addition to the paid subscription publications listed above, a number of free daily and weekly newsletters are distributed via the Internet. Please note that many of these newsletters can be "customized" to deliver the specific content you wish to receive. It is best to try a newsletter for two weeks to see whether it is delivering the content you want. If not, un-subscribing is a relatively simple task.

- The following listing is neither complete nor exhaustive, but merely a sampling of what is available.
- Real estate industry news: "Inman News Headlines" from Inman News ([www.inman.com](http://www.inman.com)), "News Blast" headlines from Real Estate Media Inc. ([www.globest.com](http://www.globest.com)), and "Weekly Briefs" from IPGdirect ([www.ipgdirect.com](http://www.ipgdirect.com)), which also publishes a daily, subscription-only, newsletter.
- Real estate industry news: "IREIzine" from Institutional Real Estate, Inc. ([www.irei.com](http://www.irei.com)).
- Real estate investment trusts: "ReitWeek" from Institutional Real Estate, Inc. ([www.irei.com](http://www.irei.com)).
- E-world and real estate: "PikeNet Dispatch" from PikeNet ([www.pikenet.com](http://www.pikenet.com)).
- E-world and retailing/retail property: "RetailTech OnLine" from RetailTech ([www.retailtech.com](http://www.retailtech.com)).
- Hospitality and Lodging: Daily newsletters from Lodging Research ([www.lodgingresearch.com](http://www.lodgingresearch.com)) and Hotel-online ([www.hotel-online.com](http://www.hotel-online.com)); monthly newsletters from HVS International ([www.hvsinternational.com](http://www.hvsinternational.com)).
- E-commerce and the Internet: Variety of newsletters from Internet.com ([www.Internet.com](http://www.Internet.com)), The Standard ([www.thestandard.com](http://www.thestandard.com)), and Business 2.0 ([www.business2.0.com](http://www.business2.0.com)).

The National Association of Home Builders (NAHB.com) also provides on their web site basic, national data on new housing starts, home ownership rates, mortgage rates, single and multifamily activity as well as a regular set of reports on "Housing Market Statistics" and "Housing Economics."

On the city's zoning code see: <http://www.gothamgazette.com/landuse/nov.99.shtml>

See also [www.ULI.ORG](http://www.ULI.ORG). "America's Real Estate: Natural Resource, National Legacy: Comprehensive Data Tables and Bibliographic Information." This provides a brief description or inventory of some of the major real estate related databases. The ULI site, "Resources Data base" also provides links to other sites PikeNet.com is another major real estate site that facilitates hot links to many other sites and carries employment information as well.

Retail development is addressed by firms such as the National Research Bureau, which has been providing data on shopping centers since 1956. [http://www.anysite.com/location\\_data\\_shopping.htm](http://www.anysite.com/location_data_shopping.htm) Much of their data requires a fee though.

In addition, a number of these sites include access to information about employment opportunities in the field of real estate. For example, there is realestatejobs.com and jobtraks.com. They illustrate the types of employment opportunities currently available but will not exhaust all opportunities.