

**Commerce 4FT3  
Real Estate Finance and Investments  
Winter 2024 Course Outline**

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

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**COURSE OBJECTIVE**

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*This course prepares students to understand the risks and rewards of investing in and financing real estate properties. The topics include mortgage fundamentals, market analysis, appraising, valuation and investment analysis, real estate development projects and REITS.*

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**INSTRUCTOR AND CONTACT INFORMATION**

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**Section 1:**  
Wed. 11:30 a.m. – 2:20 p.m.  
**Dr. Yan Wang**  
[ywang@mcmaster.ca](mailto:ywang@mcmaster.ca)  
Office: DSB 323  
Office Hrs: By appointment  
Tel: (905) 525-9140 x23984  
Class Location: BSB 138

**Section 2:**  
Tue. 11:30 a.m. – 2:20 p.m.  
**Dr. Yan Wang**  
[ywang@mcmaster.ca](mailto:ywang@mcmaster.ca)  
Office: DSB 323  
Office Hrs: By appointment  
Tel: (905) 525-9140 x23984  
Class Location: BSB 117

**Section 3:**  
Tue. 2:30 p.m. – 5:20 p.m.  
**Dr. Yan Wang**  
[ywang@mcmaster.ca](mailto:ywang@mcmaster.ca)  
Office: DSB 323  
Office Hrs: By appointment  
Tel: (905) 525-9140 x23984  
Class Location: BSB 117

**Student TA:**  
**Ruinan Liu**  
[liu1006@mcmaster.ca](mailto:liu1006@mcmaster.ca)

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

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**COURSE ELEMENTS**

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

## ***COURSE DESCRIPTION***

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

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## ***LEARNING OUTCOMES***

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

- Understand the basic concepts of real estate investment
  - Understand the different financing options for commercial real estate properties
  - Conduct a SWOT analysis of an investment in a real estate property
  - Conduct financial analysis of real estate properties
  - Evaluate risks and investment returns in the real estate development process
  - Understand the principles of evaluating investments in a real estate development project
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## ***COURSE MATERIALS AND READINGS***

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### **Required:**

Course Materials Are Available on Avenue To Learn

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

### Case Studies

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

### Reading

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

Connect: ISBN: 9781264072934

Print + Connect: ISBN: 9781264604654

**Optional:**

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

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## ***COURSE OVERVIEW AND ASSESSMENT***

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Learning in this course results primarily from in-class discussions and participation in comprehensive business cases, group project, and out-of-class assignments. Students will receive an individual grade for assignments, exams, class attendance and participation. Students will receive a group grade for case studies, group projects and presentations. In the components that require group work, group members will share the same grade adjusted by peer evaluation.

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

### **Components and Weights**

<b>Assignments</b>	Multiple Choices + Problem Sets (individual)	20%
<b>Case Study I</b>	Case I Analysis, Written Report (group)	15%
<b>Case Study II</b>	Option a) Case II Analysis, Written Report (group);  Option b) Group Project, Written Report (group)	15%
<b>Case Presentation</b>	Case Presentation (group)	5%
<b>Final Exam</b>	Multiple Choices + Problem Sets (individual)	35%
<b>Attendance</b>	Class attendance	5%
<b>Participation</b>	In-class Contribution (individual)	5%
<b>Total</b>		<b>100%</b>

NOTE: The use of a McMaster standard calculator and/or a financial calculator is allowed during examinations in this course. See McMaster calculator policy.

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## ***COURSE DELIVERABLES***

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

The assignment is worth **20%** of your final grade. The purpose of the assignment is to help you review the knowledge learned in the class and practice your ability to solve real estate-related questions. The individual assignments and corresponding due dates will be posted on Avenue after each session. All assignments are submitted online via Connect/Avenue.

### ***Case Study I***

Case study I is from Harvard Business Review and focuses on real estate evaluation and investment analysis. This case study analysis (in a written report) in this course accounts for **15%** of your final grade. Details of each case study will be posted on Avenue.

Students will form teams and each team consists of 4-5 members. You are required to form a team before the end of week 3. Please register your team and presentation time slot using the link provided on Avenue. Your team is required to perform analysis and write a report based on the questions posted on Avenue. The written reports and accompanying data files must be submitted online via Avenue.

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

Please note that a peer group evaluation will be performed by all groups for each case study. Students will set their own rules regarding the functioning of their group, which includes attendance at meetings, work allocation and contributions to the project. Students not performing according to the group's standards will have their grades lowered accordingly. (See Peer Evaluation Instructions on the Peer Evaluation Form)

### ***Case Study II***

Two options are available for case study II. Your team can either choose a written case study from Harvard Business Review or your team can work on a final project. Either option accounts for **15%** of your total grade.

Option a): A written case study focuses on real estate development. Same requirement as Case Study I.

Option b): A final group project. You are required to provide a SWOT analysis and investment analysis of a commercial property located in GTA area. The type of commercial property can be either multi-tenant apartment building or office building. A property visit is highly recommended and communication with property owners will facilitate your understanding of the current situation of the property. You may acquire detailed financial information from the property owners, or you can complement the financial information with market information from real estate research reports from CBRE and other online sources. Given option b is more challenging than option a, your team will automatically receive a 10 bonus points for this option.

### **Case Study Presentation**

Each team is required to present one case study. The case study presentation accounts for **5%** of your final grade. You have 15 minutes of presentation and 5 minutes of Q&A.

### **Midterm/Final Exam**

A comprehensive exam will be held after eight lectures which covers all the contents of the lectures. You can take the “early” final exam in March (week 10) or take the final exam held by the exam office during the exam periods in April. The midterm exam accounts for **35%** of your final grade. The exam will cover material from the lectures, assignments, and class discussions. The exam will **NOT** cover the content of case study, group project, and will **NOT** cover any optional readings. The exam is a **cumulative close-book exam**.

Students can choose to write “early” final exam or not. If you skip the “early” final exam in March, you will be required to attend the final exam during the exam period in April. If you take the “early” final exam in March but are not satisfied with the grade, you are allowed to take the final exam in April and your grade will be based on the higher of the two.

### **Attendance**

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

### **Participation**

In-class participation accounts for **5%** of your final grade. You will get half a point per lecture in the class. It is your responsibility to mark your participation on the attendance sheet.

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## **COMMUNICATION AND FEEDBACK**

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Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- *For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.*
- *For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.*

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

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## ***REQUESTING RELIEF FOR MISSED ACADEMIC WORK***

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In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar "[Requests for Relief for Missed Academic Term Work](#)" and the link below;

<http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

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## ***GENERATIVE AI***

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Students are not permitted to use generative AI in this course. In alignment with [McMaster academic integrity policy](#), it “shall be an offence knowingly to ... submit academic work for assessment that was purchased or acquired from another source”. This includes work created by generative AI tools. Also state in the policy is the following, “Contract Cheating is the act of “outsourcing of student work to third parties” (Lancaster & Clarke, 2016, p. 639) with or without payment.” Using Generative AI tools is a form of contract cheating. Charges of academic dishonesty will be brought forward to the Office of Academic Integrity.

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## ***ACADEMIC INTEGRITY***

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You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity. **It is your responsibility to understand what constitutes academic dishonesty.**

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

For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
  - improper collaboration in group work.
  - copying or using unauthorized aids in tests and examinations.
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## ***AUTHENTICITY/PLAGIARISM DETECTION***

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

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

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

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### ***COURSES WITH AN ONLINE ELEMENT***

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

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

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### ***ONLINE PROCTORING***

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

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### ***CONDUCT EXPECTATIONS***

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

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

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## ***ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES***

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Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or [sas@mcmaster.ca](mailto:sas@mcmaster.ca) to make arrangements with a Program Coordinator. For further information, consult McMaster University's [Academic Accommodation of Students with Disabilities](#) policy.

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

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

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## ***COPYRIGHT AND RECORDING***

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

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

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## ***EXTREME CIRCUMSTANCES***

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The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated



through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

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### ***RESEARCH USING HUMAN SUBJECTS***

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All researchers conducting research that involves human participants, their records or their biological material are required to receive approval from one of McMaster's Research Ethics Boards before (a) they can recruit participants and (b) collect or access their data. Failure to comply with relevant policies is a research misconduct matter. Contact these boards for further information about your requirements and the application process.

McMaster Research Ethics Board (General board): <https://reo.mcmaster.ca/>

Hamilton Integrated Research Ethics Board (Medical board): <http://www.hireb.ca/>

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

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Your enrolment in Commerce 4FT3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

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

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## ***COURSE SCHEDULE***

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### **Commerce 4FT3 Real Estate Finance and Investment Winter 2024 Course Schedule**

Week	Due Date	Contents	Required Reading
1 (Week Jan. 8)		Introduction & Basic Concepts: Real Estate System and Investment Styles	
2 (Week Jan. 15)		Mortgage fundamentals	BF chapters 3 & 4
3 (Week Jan. 22)	Register your team members & choose your presentation time slot	Income-producing properties: lease, rents, and cash flows	BF chapter 9
4 (Week Jan. 29)	Assignment 1 (Basic Concepts & Mortgage Fundamentals) Due	Real Estate Valuation & mini case	BF chapter 10
5 (Week Feb. 5)		Debt Financing	BF chapter 11
6 (Week Feb. 12)	Assignment 2 (Valuation) Due	Financing Alternatives	BF chapter 12
7 (Week Feb. 19)	Winter Break, No Class		
8 (Week Feb. 26)	Assignment 3 (Debt financing & Financial alternatives) Due	Real Estate Development	BF chapter 16
9 (Week Mar. 4)	Assignment 4 (Real estate development + Mortgage back securities) Due	REITs: features and valuation	BF chapter 22 & 23
10 (Week Mar. 11)		Early Final Exam (March 14 @ 2:30 PM)	
11 (Week Mar. 18)		Guest Lecture	
12 (Week Mar. 25)	Case study I report due	Case Study I: Discussion & Presentations	
13 (Week April.1)	Case study II report due	Case Study II: Discussion & Presentations	