

Real Estate Development in China

1. Course Description

Real Estate Development in China is a general management course designed to help students develop an analytic framework for making decisions related to real property in China. This course takes a practical, problem solving approach. Cases are used for most of the classes. Framework of this course integrates strategic, marketing and financial analysis. In addition, we also focus on Chinese policy of regulation and control, real estate development and pricing, risk management, different loan types and equity structures (e.g. Real Estate Investment Trusts).

2. Course Objectives and Requirements

1. **Course Objectives** : The goal of the course is not to train students to work in the real estate industry (though it can serve that function), but to understand how to value real estate and how to analyze and manage real estate as an individual, investor or manager.

- To provide the student with basic information on the nature of Real Estate.
- To gain familiarity with the Chinese Real Estate Law and policy of regulation and control.
- To present an overview of the Chinese real estate business with emphasis on Real Estate Investment Fund.
- To provide a systematic approach and understanding in the acquisition and management of real property.
- To introduce students to various areas of real estate and provide supplemental information so intelligent career decisions can be made.

2. **Requirements** : Students are expected to get prepared for lectures, finish and submit assignments as required.

3. Course Arrangement

Course name		Real Estate Development in China	Total Credit Hours	34
unit	Credit hours	Contents	Preparation of class and reading materials	Cases
1	4	Unit One: A Real Estate Introduction <ul style="list-style-type: none"> - Real Estate Can Be a Career - It Can Be an Investment - It's Your House 	1. Textbook (Jeffrey D. Fisher, McGraw-Hill) 2. Case : How institutional investors think about real estate	1. How institutional investors think about real estate, HBS
2	4	Unit Two: Real Estate Markets in China <ul style="list-style-type: none"> - Economic Fundamentals of Real Estate Markets - Residential Markets - Commercial Property Markets - Office Markets - Case analysis 	1. Textbook (Jeffrey D. Fisher, McGraw-Hill) 2. Case : CADIM : China and India real estate deals	3. CADIM : China and India real estate deals, HBS
3	4	Unit Three: Risk & Real Estate Investment <ul style="list-style-type: none"> - Risk Management Principles - Subprime Mortgage Crisis - Case analysis - 	1. Textbook (Jeffrey D. Fisher, McGraw-Hill) 2. Case : Wildcat Capital Investors: Real Estate Private Equity	1. Wildcat Capital Investors: Real Estate Private Equity, HBS
4	4	Unit Four: Real Estate Investment decision-making <ul style="list-style-type: none"> - Cash flow - Time Value of Money - Interest Formulation - Compound Interest - Present Value - Determining Yields, or Internal Rates of Return, on Investments - Equivalence Principles - Types of Cash Flows 	1. Textbook (Jeffrey D. Fisher, McGraw-Hill) 2. Exercise: math exercise about NPV & IRR	1. Exercise: math exercise about NPV & IRR



		- Case analysis		
5	6	Unit Five: Investments in Chinese Real Estate: Interest Rates, Exchange Rates and Real Estate Price levels <ul style="list-style-type: none"> - Liquidity, Interest Rates and Real Estate Price Levels - Exchange rates, Currency Value and Real Estate Price Levels - The Equilibrium of Financial Resources and Real Estate Price Levels - Case analysis 	1. Textbook (William Brueggeman, and Jeffry Frisher) 2. Case: subprime mortgage crisis of U.S.	Case: subprime mortgage crisis of U.S.
6	6	Unit Six: Real Estate Investment Trusts (REITs) <ul style="list-style-type: none"> - Introduction - Types of trusts - Important issues in accounting and financial disclosure: - Equity REITs - Real Estate Investment Fund in china - Case analysis 	1. Textbook (William Brueggeman, and Jeffry Frisher) 1. Case: What every leader should know about real estate	1. What every leader should know about real estate, HBS
7	4	Unit Seven: Real estate investment performance and portfolio consideration <ul style="list-style-type: none"> - Source of data used for real estate performance measurement - Elements of portfolio theory - Real estate returns, other investments, and the potential for portfolio diversification - Case analysis 	1. Textbook (William Brueggeman, and Jeffry Frisher) 1. Guest lecture: The path of TCT Treasury China Trust	1. Guest lecture: The path of TCT Treasury China Trust
8	4	Unit Eight : Real estate management in China <ul style="list-style-type: none"> - Principles of Real Estate Management - High-end residential - Grade A office space - High-end stores - Luxury hotel - Case analysis 	1. Textbook (Jeffrey D. Fisher, McGraw-Hill) 1. Real estate project visiting	1. Real estate project visiting



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5. Teaching Methods

Lectures、Discussions、Role Plays、Case Analysis, etc.

6. Learning Outcomes Expected

Category	Learning Outcomes
Master of Knowledge	<ol style="list-style-type: none"> 1. Master the basic hypothesis, basic theory and development trend of real estate in China, 2. Master the basic principles and methods of real estate investment and management, 3. Familiar with real estate finance 4. Familiar with the process of investment decision-making 5. Understanding the theories and methods of REITs 6. Understand the theories and methods of investment performance and portfolio consideration
Intellectual abilities learned	<ol style="list-style-type: none"> 1. Have the ability to be engaged in real estate investment and management with the idea of sustainable development meet the global challenges 2. Have the ability of using science management ideas and methods in the real estate investment and management 3. Have the abilities of flexibility and adaptability on investment decision-making, under critical thinking about the influence of the internal and external factors 4. Have the comprehensive management abilities of acquisition, Utility, development, and retention of talents by the rigorous attitude and scientific methods
Practical skills learned	<ol style="list-style-type: none"> 1. Master forecasting skills of real estate supply and demand 2. The skills of real estate finance 3. The actual application skills of training needs judgment and effect evaluation 4. The skills of set investment portfolio

Personal competences and characters Cultivated	<ol style="list-style-type: none"> 1. The competence of thinking questions by using globalization view and the idea of sustainable development 2. The management competence of being good at planning, organization and communication 3. The competence of critical acceptance of knowledge and innovative 4. Character of "respect others " and humanism 5. Have the charm of leadership and responsibility 6. The team spirit of cooperation
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7. Performance Evaluation: Means & Ratio

Evaluation Means	Ratio (%)	Link with learning outcomes expected
Team and individual assignments	25	Focusing on case analysis, evaluate the abilities of using real estate knowledge related to analyses and solve the practical problems
Attendance and Engagement	25	Evaluate the abilities of understand and application of real estate knowledge related and the abilities of team participation and effective communication
Exam	50	Emphasis on the evaluating the degree of mastering the basic concepts and important theories on these modules, such as real estate development, real estate management, real estate finance, REITs, real estate investment portfolio.etc.

8. Textbook, References and Reading Materials

1) Textbook

- [1] Real Estate Finance and Investments, the 13th Edition, William B. Brueggeman, Jeffrey D. Fisher, McGraw-Hill
- [2] William Brueggeman, and Jeffrey Frisher, Real Estate Finance and Investments, McGraw-Hill/Irwin; 14 edition (February 12, 2010)
- [3] Real Estate Market Analysis: A Case Study Approach, Adrienne Schmitt, Deborah L. Brett, Urban Land Institute

2) Online resources

- [1] <http://www.lib.tongji.edu.cn/>
- [2] <http://www.chinaref.cn/>
- [3] <http://www.land163.com/>
- [4] <http://www.jrj.com/>
- [5] <http://www.economywatch.com/finance/>
- [6] <http://www.forbes.com>

3) Periodicals and Magazines

- [1] China Real Estate Finance
- [2] Journal of Real Estate Finance and Economics
- [3] The Real Estate Finance Journal
- [4] International Journal of Theoretical and Applied Finance
- [5] Harvard business review

9. Cases

- [1] How institutional investors think about real estate, HBS
- [2] CADIM : China and India real estate deals, HBS

- [3] Wildcat Capital Investors: Real Estate Private Equity, HBS
- [4] subprime mortgage crisis of U.S.
- [5] What every leader should know about real estate, HBS
- [6] Guest lecture: The path of TCT Treasury China Trust

10. Visiting

1~2 Real estate project visiting

11. Assignment Requirements

Select the typical cases in your work by yourself, combine with the real estate investment and management theory and knowledge related, describe, analyses and evaluate problems existed, and put forward some solutions and alternatives.

Requirements

- 1) Collect this case background information and discuss about the problems above
- 2) Form the groups , each group consists of 2-4 students.
- 3) Do presentation in the class, each group need to submit PPT and the WORD (one copy of the electronic version and paper version)
- 4) Each group should prepare before class carefully, please.

The criteria of assignment evaluation (100 points)

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| 1) Whether the case material collection is completed or not | 20 points |
| 2) Whether the case analysis is system in-depth or not | 25 points |
| 3) Whether the insights is linked with work practice closely or not | 25 points |
| 4) Participation of group members in case discussion | 20 points |
| 5) Whether the PPT and document is made seriously and beautiful | 10 points |

Appendices:

1. The course PPT
2. Case material
3. Other teaching material (such as reading materials, the articles)
4. Study guide