



**COLUMBIA UNIVERSITY**  
**REAL ESTATE DEVELOPMENT**

**SYLLABUS AND COURSE OUTLINE**

**(Hotel Development + Investment Analysis)**

**Columbia University**

**MSRED**

**Friday's, 9am - 11am**

**October 26th \_ December 7<sup>th</sup>**

**200 Fayerweather**

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Fall 2018

**Hotel Development + Investment Analysis**  
**Columbia University**  
**Master of Science Real Estate Development**

**Course Information**

Fall 2018  
October 26<sup>th</sup> – December 7<sup>th</sup>  
**200 Fayerweather**  
9-11 AM

***Course Description***

The course aims to provide a global, current day perspective on lodging investment and development, utilizing real world case studies, industry resources and guest lecturers/practitioners to generate a comprehensive overview of the subject matter. Throughout the semester, we will endeavor to review the complete financial cycle of lodging investments, including, but not limited to; market analysis and feasibility; development considerations and timeline/costs; investment and underwriting analysis; financing; capital markets and deal structuring; GP/LP considerations; operations; renovation decisions and dispositions. Lodging real estate valuation principles and procedures are explored utilizing both modern and classic processes, with the role and function of brands, management and asset management being discussed with emphasis on investment underwriting, operations analysis and market strategy.

***Objectives:***

1. Analyze factors that influence the decision to develop/invest in lodging real estate, including: general economic trends, hotel investment climate and trends, business cycle issues, and alternative investment opportunities;
2. Apply the steps necessary to value a hotel; contrast the various techniques used by different parties to a transaction including the seller, buyer, developer, broker, and lender;
3. Utilize your findings from the course to be able to best analyze a site and understand the highest and best use from a lodging/development perspective;
4. Examine those considerations of ownership that are most germane in hotel property investing including the selection of a management company and franchise affiliation;
5. Formulate an opinion of value for a specific hotel property and be able to communicate the findings;
6. An understanding of current trends and market dynamics, including the rise of the sharing economy and alternative lodging products;
7. Understand the management and asset management functions;
8. Construct a professional-grade investment presentation with a lodging focus.

## COURSE PLAN

### ***Requirements:***

Requirements of this course consist of the following:

- Active Class Preparation
- Attendance
- Assignments & Final Project
- Full Attention -- Absolutely **No** Internet during Guest Speakers. They are generously providing their time, knowledge and resources to speak to class, and should be afforded respect and courtesy.

### ***Evaluation Criteria - Assignments and Evaluation Methods:***

The evaluation methods are as follows:

1. Assignments – some hand-in, some just prepared for discussion in class
2. Participation/Attendance
3. Final Team Project
4. Likely a short pop quiz

### ***Reference Texts:***

No purchase of textbooks is required. In addition to weekly presentations which will serve as your textbooks, I will provide a database of materials for students of the class. Additionally, the following are recommended supplemental reading materials:

#### ***Free Email Subscriptions to:***

Hotel News Now  
Hotelsmag.com  
Lodging Daily News  
HVS News Feeds  
BTN (Business Travel News)  
Hospitality.Net

Alternatively (more Real Estate PE related, though has lodging components from time-to-time):

PERE News  
Globe Street  
Bisnow (can tailor for various real estate needs)  
Preqin

#### ***Texts, etc***

- (1) *Hotel Investment Handbook*, Stephen Rushmore, 2002. The text was previously published in part as *Hotel Investments: A Guide for Lenders and Owners*. (To be provided the downloaded version for your use in the course files.)
- (2) *Hotel Market Analysis and Valuation: International Issues and Software Applications*, Stephen Rushmore, 2012.

(3) *Hotel Asset Management Principles & Practices*, Richard Musgrove, Lori Raleigh and A.J. Singh, American Hotel & Lodging Educational Institute, Third Edition, 2016.

(4) *Hotel Investments, Issues & Perspectives, Fifth Edition*. Lori E. Raleigh, ISHC, and Rachel J. Roginsky, ISHC American Hotel & Lodging Educational Institute, 2012.

(5) Weekly handouts/readers

### ***Preliminary Course Schedule***

(To remain fluid and subject to change – classes will undoubtedly flow into one another).

<b>Date</b>	<b>Topic of Class Session</b>	<b>Assignments</b>
Class 1 October 26th	<b><i>Course Introduction</i></b> <ul style="list-style-type: none"><li>• Current Market Overview/Trends • Where are we today?</li><li>• What drives lodging performance/investments?</li><li>• Today's Investment/Development Climate</li><li>• Why invest/develop Hotels? Is now the time?</li><li>• Global Perspective</li><li>• Review of Feasibility/Appraisal Process</li></ul> <b><i>Development Process</i></b> <ul style="list-style-type: none"><li>• Development Process Overview/Considerations</li><li>• Development Costs Across Various Segments</li><li>• Review of Feasibility/Appraisal Process</li></ul>	TBA
Class 2 November 2nd	<b><i>Development Process Cont'd</i></b> <b><i>Underwriting &amp; Capital Markets</i></b> <ul style="list-style-type: none"><li>• Modeling Discussion</li><li>• Operating P&amp;L Review</li><li>• The Operating Statement (incl. various segments.)</li><li>• Fixed/Variable Nature of Hotels</li><li>• Analysis of Market Share, Occupancy, ADR</li><li>• Revenue &amp; Expense Forecasting</li><li>• Underwriting Process (Valuation Methodologies)</li><li>• Lender's Perspective</li><li>• Capital Sources &amp; Financing</li><li>• Credit &amp; Hotel-Specific Concerns</li><li>• Debt Yield Vs. DSCR</li><li>• Review of STRTrend/Host/Pipeline Reports (Key for Final Project)</li></ul>	TBA

<p>Class 3 November 9<sup>th</sup></p>	<p><b><i>Underwriting &amp; Capital Markets Cont'd</i></b></p> <p><b><i>Utilizing Brands/Management &amp; Franchise</i></b></p> <ul style="list-style-type: none"> <li>• Management contracts &amp; franchise agreements.</li> <li>• Roles/Uses/Necessity of a Brand</li> <li>• Value of a Brand</li> <li>• Differences between Brands</li> <li>• Which brand is right for your hotel?</li> <li>• PIP's</li> <li>• Design features/Importance</li> </ul> <p><b><i>Discussion of Final Project/Teams Assigned</i></b></p> <p><b><i>Possible Industry Guest Speaker</i></b></p>	<p>TBA</p>
<p>Class 4 November 16<sup>th</sup></p>	<p><b><i>Brands &amp; Management Cont'd</i></b></p> <p><b><i>Integrated Resorts/Sharing Economy/Next Generation</i></b></p> <p><b><i>Developer Case Study</i></b> <b><i>Industry Guest Speaker</i></b></p>	<p>TBA</p>
<p>Class 5 November 30<sup>th</sup></p>	<p><b><i>Operating &amp; Asset Management Considerations</i></b> <b><i>Structuring Discussions</i></b></p> <p><b><i>Global Perspective</i></b> <b><i>Industry Guest Speaker</i></b></p>	<p>TBA</p>
<p>Class 6 December 7<sup>th</sup></p>	<p><b><i>Final Case Studies/Student Presentations</i></b></p>	