



COURSE SYLLABUS  
**INTERNATIONAL REAL ESTATE REGIONS**  
**SPRING 2017 SESSION A**  
**PLA 6342 SECTION 2: BRAZIL**  
**1.5 CREDITS**

**Spring Session A**

Thursdays, 1:30 pm - 3:30 pm  
200 Fayerweather (Smaller Seminar Room)

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TAs: TBD

**I. COURSE DESCRIPTION**

This course is an application of the analytical concepts learnt in the pre-requisite course Comparative Global Real Estate PLA 6341 to a specific target country. It is designed for the student to consolidate his/her understanding and utilization of an analytical framework for evaluating cross-border real estate investment. As a result of this application, it is anticipated that the student emerges from the program with a comprehensive understanding of the dynamics of real estate developments and investments internationally in addition to an incisive process for assessing the unique contexts and conditions for real estate activities within selected countries.

Taking as a starting point, the comparative analysis that was made of three specific countries – China, Brazil, and the United Kingdom - the course proceeds with a deep investigation of the various advantages and challenges of targeting Brazil for making a cross-border real estate investment with the USA as the origin of the equity interest. Having added the experience of visiting the target location for the investment, the student is now able to supplement the prior classroom analysis with “on-the-ground” details regarding the conditions of local real estate markets, and therefore more accurately assess the potential for a cross-border financial transaction in the country visited.

During the course, students will investigate, specifically with the real estate of São Paulo and Rio de Janeiro in mind, the many facets of opportunities and challenges that arise for an investor from the USA: the macro-economy and demographics of Brazil, the country's financial markets, Brazilian Real/USA\$ currency exchange risk, two-country taxation

concerns, legal issues, São Paulo and Rio de Janeiro planning and development trends, regulations and statutory requirements, ease of doing business, and cross-cultural negotiations.

### Course Objectives:

By the end of the semester, students will have:

- 1) Developed the critical, comparative, and analytical tools for undertaking a variety of international real estate development projects, transactions and investments; and
- 2) Demonstrated his/her understanding of the dynamics of international real estate investing through an applied project comprising the analysis of the unique context and conditions of a specific real estate project or cross-border transaction.

## **II. COURSE REQUIREMENTS AND ASSIGNMENTS**

Students will be expected to attend all classes, complete assigned weekly readings (posted on Courseworks) prior to class and participate in class discussions, as these will factor into the final grade. Short assignments and in-class quizzes on selected topics may also be required.

As key deliverables, each student, either individually or in a team of 2-4 people, will develop a detailed proposal – a Cross-border Real Estate Investment in Brazil Proposal – that will compete with the proposals of other students to be the most compelling opportunity offered to equity investors in the USA. A written detailed proposal in the form of a “Deal Book” will be submitted, in addition to making a 10 minute “pitch” to a panel of US equity investors.

The development project may involve new construction or renovation, or investment in any level of the capital stack of a property, of the student’s choosing, but must receive the instructor’s approval.

### Assignment Details:

**During the half-semester session, either individually or in teams (of 2-4 each) students will be required to:**

- Make a comprehensive and detailed proposal for the investment of real estate located in São Paulo or Rio de Janeiro. This proposal will be prepared in three steps:
  - **Proposal Memo 1:** Provide a summary of the comprehensive investigation of the Brazil-specific context for making a cross-border real estate investment from the USA, in accordance with the analytical framework learned in the pre-requisite course, presenting clearly the opportunities, risks and mitigation of those risks. From this argument, a specific real estate investment is to be identified.
  - **Proposal Memo 2:** Provide the details of the specific real estate investment identified: the relevant real estate market analysis, the site selection rationale, a pertinent description of the property (or conceptual design of a

development project), and a comprehensive financial analysis to demonstrate investment feasibility. Submission should include:

- a. Financial Analysis Spreadsheet
  - b. Written Presentation
- **FINAL SUBMISSION: DEAL BOOK:** Complete presentation of Cross-border Real Estate Investment Proposal comprising:
    - a. Written submission that comprehensively makes the case for the investment, i.e. includes a summary which “sells” the proposal, and consolidated supporting material.
    - b. Oral presentation in class for 10 minutes, that makes the “pitch” for investing in the project

#### Courseworks/Canvas:

Columbia University’s online Courseworks/Canvas system will be used for posting the course syllabus, selected class materials/handouts, hyperlinks to locations from where case studies and additional reading materials to be used in the course could be found and/or purchased by students. Courseworks/Canvas will also be utilized for the posting of Assignment requirements, Quizzes, etc and as such will be the location for the student’s submissions in response. Courseworks/Canvas will also be utilized as a tool for the instructor and Teaching Assistants to post announcements, and also for the instructor and students to connect outside of the classroom more consistently and conveniently.

### **III. COURSE GRADING CRITERIA**

Course grading criteria are as follows:

- Attendance and in-class participation: 10%
- Proposal Memo 1: 20%
- Proposal Memo 2: 20%
- Final Submission: Deal Book: 30%
- Proposal Presentation: 20%

Only exceptional performers will receive a High Pass.

### **IV. READINGS**

Students will be expected to complete readings in advance of class. These will be posted one week in advance on Courseworks. There is no required textbook for the course.

**Recommended Reference Textbooks**, which are available in the Avery library, bookstores, or may be ordered on-line:

Cross Border Real Estate Practice by Terry A. Selzer, 2013, American Bar Association.  
Global Property Investment: Strategies, Structures, Decisions (with website) by Andrew Baum & David Hartzell, Wiley-Blackwell 2012.

The Global Property Investor's Toolkit by Colin Barrow, Wiley, 2008  
International Real Estate: A Comparative Approach by Mark Lee Levine, Dearborn Real Estate Education – e-book, available at Amazon.com

## V. COURSE OUTLINE

### January 19

#### **Class 01: Analysis of Brazil for cross-border real estate investment.**

Utilizes the Analytical Framework from the pre-requisite course to assess the opportunities and risks for making a cross-border investment in Brazil real estate from the USA.

Discussion of individual Study Trip Task Lists.

### January 26

#### **Class 02: Detailed Analysis of Real Estate Market, Returns and Risks:**

The São Paulo and Rio de Janeiro real estate markets are evaluated to identify most suitable property type/s and location/s for an investment. Details on respective market metrics are gathered as inputs for a financial analysis that indicates investor returns. Risks are identified and sensitivities are performed.

**Submission: Proposal Memo 1**

### February 2

#### **Class 03: Review of Ease of Doing Business, Corruption, Legal & Transaction Issues**

The various aspects impacting the ease of doing business, the transparency of information, and the transaction process in Brazil are examined with a resultant assessment made to inform investors. Impediments and complications that may be anticipated are postulated and courses of action discussed.

### February 9

#### **Class 04: Review of Capital Markets and Mitigating Currency Risks**

The current conditions of the capital markets in Brazil are evaluated with respect to both equity and debt – its availability, current and comparative pricing, underwriting standards – and the optimal capital structure discussed. Methods for mitigating currency exchange risk are evaluated.

**Submission: Proposal Memo 2**

### February 16

#### **Class 05: Determine Entity Format and Taxation Structure**

The most efficient cross-border taxation structure is sought amongst various alternatives.

### February 23

#### **Class 06: Presentations of Cross-border Investment Proposals**

Each proposal will be presented for 10 minutes with a following 2 minute Q&A.

**Final Submission: Deal Book for the Cross-border Real Estate Investment in Brazil from the USA.**