

Course Syllabus

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Instructors:

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1. **Course Description**

This course is an application of the analytical concepts learnt in either of the pre-requisite courses, Comparative Global Real Estate or Global Real Estate Investing, 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 China 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 China in mind, the many facets of opportunities and challenges that arise for an investor from the USA: the macro-economy and demographics, financial markets, currency exchange risk, taxation concerns, legal issues, 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:

- Developed the critical, comparative, and analytical tools for undertaking a variety of international real estate development projects, transactions and investments; and
- 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.

1. **Course Requirements and Assignments**

Students will be expected to attend all classes, complete assigned weekly readings (posted on Canvas) 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 2-3 people, will develop a detailed proposal – a Cross-border Real Estate Investment in China 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, as 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 in China. This proposal will be prepared in three steps:
 - **Proposal SECTION A:** Provide a summary of the comprehensive investigation of the China specific context for making a cross-border real estate investment from the USA, in accordance with the analytical framework learnt 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 SECTION B:** Generally describe the compelling 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:

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

Canvas:

Columbia University’s online 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. 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. Canvas will also be utilized as a tool for the instructor 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:

- Engagement on trip: 20%
- Attendance and in-class participation: 10%
- ASSIGNMENT:
 - Proposal PART A: 10%
 - PART A Presentation: 10%
 - Proposal PART B: 10%
 - Final Submission: GLOBAL DEAL BOOK: 20%
 - Proposal Presentation: 10%
- Study Trip Task List: 10%

Only exceptional performers will receive a High Pass.

1. READINGS

Students will be expected to complete readings in advance of class and these will be posted one week in advance on Canvas. 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

1. CLASS SCHEDULE (subject to change)

Jan 20

Class 01: Course Introduction. Why Go Global?

Macroeconomic context in China for potential real estate investments.

Jan 27

Class 02: Capital Markets and Currency Issues Part 1

Evaluating the current conditions of the capital markets and currency exchange conditions.

Feb 03

Class 03: Detailed Analysis of China Real Estate Markets, Returns & Risks.

Identification of main challenges. Use analytical framework

Feb 10 (rescheduled due to Career Fair)

Class 04: Review of Ease of Doing Business, Corruption, Legal & Transaction Processes

Assessing the conditions of a target country with respect to the ease of doing business, the transparency of financial decisions and reporting, and the presence and risk of bribery and corruption in business dealings.

Capital Markets and Currency Issues Part 2

Noting the current conditions of the capital markets in the target country with respect to both equity and debt – availability, pricing, underwriting; and calculating the currency exchange risks.

Submission: Proposal PART A: Summary of Country Overview & Real Estate Trends for selected City in China

Feb 17

Class 05: Presentation by Teams of Selected City and the Real Estate Markets

Feb 24

Class 06: Entity Structure and Taxation Issues

Determining the cross-border taxation challenges and structuring for maximum tax efficiency.

Legal and Transaction Issues

- Differences in Cross-border Transaction processes
- Due Diligence on Investments
- Cultural Differences in Transactions
- **Submission: PART B: Investment Proposal**

March 3

Class 07: Presentation of proposed Global Deals (by teams)

Submissions: Final Submission GLOBAL DEAL BOOK

Study Trip Task List (individual)