

# Course Syllabus

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**ASSET MANAGEMENT AND OWNERSHIP**

**SPRING 2017**

**1.5 CREDITS**

**THURSDAY 3:30pm – 5:30pm, AVERY 113**

**Instructor:** Sara B. Queen

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## 1. COURSE DESCRIPTION

ASSET MANAGEMENT AND OWNERSHIP will study the issues that impact an asset from initial investment through disposition, with a particular focus on leasing, repositioning strategies, hold-sell analysis, and operations. The focus will be to demonstrate how effective asset management works with property management, leasing, construction/development and accounting to maximize financial performance.

Overall, the class will emphasize real-world issues and examples through the life cycle of an asset. Asset Management is a key player in maximizing asset investment returns and a thorough understanding of this discipline positively impacts the other disciplines (i.e. development, acquisitions, etc.). While all the major product types are covered, there is more emphasis on office.

The course is structured primarily as a series of lectures.

## 1. COURSE REQUIREMENTS AND ASSIGNMENTS

Students will be expected to be active participants in the lecture, taking notes and asking questions. Each week following the class, a short class participation survey will be sent via the internet that students will be expected to complete.

Major Deliverables for this class include:

- **Lease Letter of Intent** – students will be provided a major tenant office lease and have to reverse-engineer the last letter of intent that would have generated the lease (3 to 4 pages); assignment will require students to read commercial lease, determine key points and submit LOI. After submission, leasing will be the focus of that week's class lecture and students will have the option of resubmitting a revised LOI for final grading.
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- **Lease Analysis Problem Set** – following explanation of how to calculate/analyze a lease, a problem set will be distributed focusing on Net Effective Rent calculations and Lease Values.
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- **Final Strategic Plan** – Student groups will be given an asset management scenario along with a Sale Offering Memorandum and be responsible for developing a strategic/business plan that addresses the current asset management situation

## III. COURSE GRADING CRITERIA

- Attendance and in-class participation: 15%<sup>[11]</sup><sub>[SEP]</sub>
- Satisfactory Completion of each After Class Quiz 25%
- Lease Letter of Intent 25%
- Lease Analysis Problem Set 10%
- Final project: 25%

Only exceptional performers will receive a High Pass. Those who fall short on more than one major assignment will receive a Low Pass.

## 1. READINGS

If outside readings are assigned, Students will be expected to complete readings in advance of class. There is no required textbook.

## 1. COURSE OUTLINE

### **Class 1: January 19, 2017: WHAT IS ASSET MANAGEMENT AND WHY IT ROCKS**

- Intro to the class.
- Relevant issues in asset management
- Property type specific characteristics and issues
- Ownership structures and their impact on asset management
- ***Lease will be handed out for Lease Letter of Intent project. DUE by January 25<sup>th</sup> at 8AM***
- **Class 2: January 26, 2017: REVENUE, REVENUE AND (HOPEFULLY) MORE REVENUE**
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- Leasing (reviewing homework, analyzing, structuring, negotiating)
- Alternative revenue sources

Assignments due: **Lease Letter of Intent (DUE by 8AM January 25<sup>th</sup>)**

\*\* Please note that I will be on campus all day the 26<sup>th</sup>, so please feel free to reach out\*\*

### **Class 3: February 2, 2017: THE LIFE CYCLE OF AN INVESTMENT - WHAT HAPPENS BETWEEN BUYING AND SELLING?**

- Asset Management's roll in development/acquisitions
- Inspections/design
- Transition from Acq. to Operating Budget
- *Review Letter of Intent assignment*

Assignments due: **FINAL Lease Letter of Intent (DUE by NOON on February 2nd)**

#### **Class 4: February 9, 2017: PROPERTY MANAGEMENT VS. ASSET MANAGEMENT**

- Operations
- Property management
- Budgeting
- Capital investment
- Organizational Structures
- *Review Lease Analysis Problem Set*

Assignments due: **Lease Analysis Problem Set (DUE by Noon on February 8<sup>th</sup>)**

#### **Class 5: February 16, 2017: INCREASING VALUE THROUGH REDEVELOPMENT AND RENOVATIONS**

- Seizing an opportunity
- Defensive renovations
- Lipstick on a pig
- City/state partnerships

#### **Class 6: February 23, 2017: KNOW WHEN TO HOLD 'EM**

- Hold periods and sale triggers
- Strategies for achieving returns
- The use of debt
- Reporting
- Strategic Plans
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## **Class 7: March 2, 2017: FINAL PROJECTS and WRAP UP**

- Wrap up of class
- Class presentations – Strategic plans

Assignments due: Final Strategic Plan (study and presentation)

### **1. FINAL PROJECTS**

Asset Management typically develops annual Strategic (Business) Plans for their assets and then spends the year implementing those plans to achieve the forecasted returns. The Plans are typically written documents that are sent to the client (after internal review and approval) and then the Plan will also be presented to the client. The Plans include the approval of the budget for the asset (inc. capital budget), leasing plan, as well as more strategic issues like value and hold/sell recommendations.

**Overview:** This is a two-part project to simulate the preparation and presentation of an Asset Strategic (Business) Plan. The “Plan” guides the operations and strategy of an asset over the course of a year and lays out goals for asset team to achieve. You will be reviewing an Offering (Sales) Memorandum prepared on a property and then use that information to write a business plan for the asset. In addition, your team will then have 10 minutes to present the Plan to the client (the class). The written Plan is due on by **7am on March 1st**, with the presentations taking place at the final class (March 2<sup>nd</sup>).

**Key Dates:**

- Team Assignments finalized (Feb. 16)
- Information Packages posted (Feb. 17)
- Strategic Plan due date
- **March 1<sup>st</sup> (7 am) for the written plan**
  - - The in-class presentation can be sent **anytime before** class on the 2<sup>nd</sup>
- **Class Presentations – 10 min. for each group (there will Q&A after). *Part of the challenge of this assignment is to figure out how to present the plan in the 10 minutes provided. More Information will be provided as we near this assignment.***