Real estate has historically been an entrepreneurial industry. Great fortunes and enterprises have been created by entrepreneurs who started as contractors, agents, and other service providers in real estate and related businesses. Examples abound including: Hines, the Related Companies, Tishman Speyer Properties, and Boston Properties. The industry has changed over the years; it has become more institutionalized and the public debt and equity markets play a larger role and have increased transparency.

Although the property industry has evolved, institutionalized and globalized, it remains fundamentally a marketplace where talented entrepreneurs can still build great businesses and fortunes. Nevertheless, while many start their own businesses, relatively few succeed. What is the difference between success and failure? What resources, personal characteristics and business strategies improve the odds of success for the entrepreneur in the world of real estate? To avail themselves of the ever-widening opportunities, today real estate entrepreneurs must frequently go beyond a transactional framework to build companies or investment platforms.

The purpose of this course is to introduce students who have a passion for creating their own real estate business to the challenges and opportunities they will face, and the tools they will need to be successful. The course will expose students to the personal skills, organizational challenges, financial structures and market factors that influence the success or failure of a real estate entrepreneur.

Classes will focus on discussion and analysis of assigned cases and readings, and topical lectures. Guest speakers will be introduced to provide first-hand experience in the challenges and opportunities of starting and building a real estate business.

The completion of three written case analyses will be required during the term, and must be no longer than three single spaced pages in length. Issues to be addressed in each case will be posted before the semester begins. In addition, there will be a final New Business Proposal in which students will be asked to present their analysis and recommendation of a new business concept that they have identified. The presentation materials will consist of a business plan (not to exceed 5 single spaced pages) and a “pitch book” presentation (not to exceed 10 slides). Students must work in teams not to exceed four members. Final Project team membership and a description of the new business concept must be submitted by the third class. Students are encouraged to meet with the Professor and the class Teaching Assistant to discuss new business concepts in advance of submission.

Prerequisites: Real Estate Finance (B8331) AND one of the following, or with the permission of the Professor: Entrepreneurial Finance (B8345), Real Estate Project Class (B8334) or, Real Estate Transactions (B8332).

IN ADDITION, students accepted for the class will be required to submit, NOT LATER THAN JANUARY 20, via email to jazrack24@gmail.com a one page summary of their background, reason for taking the course and what they hope to learn from it.

It is presumed that all students participating in the Course have a general knowledge of
commercial real estate and are familiar with the contents of the Linneman Real Estate Finance and Investments: Risks and Opportunities text noted below.

COURSE EXPECTATIONS

Assignments. (hard copies) are due at the start of class; no late submissions will be accepted, other than for medical reasons or family emergencies, and in these cases, it is essential to notify the professors before class.

Attendance. is required at all sessions and for the duration of the session. If for some reason, you are not able to attend or have to leave early, please notify me as such. Missing more than two classes (other than for religious holidays) is likely to adversely affect your grade.

Class starts at 9am! You are expected to be in your seats when class begins. Arriving late disrupts the class and is disrespectful to everyone who has arrived on time, and to our guest speakers.

No Cell Phones, Laptops, iPads. Please place these items in a safe place where they cannot be touched in class. If you intend to take class notes on a computer or IPAD during the semester, please let me know at the start of the course. Our guest speakers are volunteering their time and warrant your undivided attention; it is highly distracting—and quite obvious—to your fellow students, your professor, and guest speakers to use these devices in class to conduct your other business and personal relationships.

Preparation. Students must be prepared for all classes. Convenient as it might be, you cannot learn all you need to learn just from listening in class. Class discussion will be based on the assumption that you have thoroughly read these materials and are prepared to answer questions as well as pose questions in class. THE PROFESSOR WILL COLD CALL ON STUDENTS WITHOUT WARNING!

Course Materials , Cases & Readings. for the course are posted on the course website on Canvas and the required readings for each session are clearly identified on the syllabus.

Case Analyses Memos: for the cases identified on the syllabus, a case analysis memo write-up will be required for three of the five cases. The memos must be no longer than three single spaced pages in length, and written as if submitting to an investment committee as the basis for discussion of the questions/issues associated with each case. Issues to be addressed in each case will be posted on canvas. Students are expected to read ALL of the cases but will be required to submit written analyses for three of the five. Students have the option of selecting which cases they wish to prepare written analyses. Regardless of if a case analysis memo is turned in, students should be prepared to discuss in class the case and the issues associated with it.

GRADING

Grading will be based on class participation (40%), Case analyses (30%), and Final Business Plan and Presentation (30%).

PROFESSOR AZRACK’S CONTACT INFORMATION:
Email: Jazrack24@gmail.com  Phone: 617-669-1893.

OFFICE HOURS:  Thursday afternoon 2-4pm, Office: 8th Floor Uris (Room: TBD)

TEACHING ASSISTANT: Katherine Vila, kvila16@gsb.columbia.edu
Readings

William J. Ferguson. *Keepers of the Castle; Real Estate Executives on Leadership and Management*. Urban Land Institute, 2009. (Required)


Urban Land Institute. *Emerging Trends in Real Estate*. ULI, 2016 (Recommended)


RE Tech Mid Year Report 2015: Technology's Impact on Real Estate, 2015. (Required)

The Future of Fundraising is Online; Real Estate Crowdfunding, 2014 (Required)

Case Materials

Leadership in Crisis: Ernest Shackleton and the Epic Voyage of the Endurance

Value Retail; Creating a Luxury Experience

The Crescent Hotel


Killing Craigslist; Entrepreneurship in the Online Apartment Market

Airbnb (A)

Assignments Types

<table>
<thead>
<tr>
<th>Type</th>
<th>Designation</th>
<th>Discussion of concepts</th>
<th>Preparation of submission</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>group/group</td>
<td>Permitted with designated group*</td>
<td>By the group</td>
<td>Same grade for each member of group</td>
</tr>
<tr>
<td>B</td>
<td>group/individual</td>
<td>Permitted</td>
<td>Individually (No sharing of any portion of the submission.)</td>
<td>Individual</td>
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<tr>
<td>C</td>
<td>individual/individual</td>
<td>None of any kind</td>
<td>Individually</td>
<td>Individual</td>
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Curriculum & Assignments

January 28: Real Estate Entrepreneurship Overview (Session 1)

What makes an entrepreneur? What are the challenges facing an entrepreneur in real estate? What market, financial and personal factors influence the likelihood of success? What business models create a greater probability of success? When failure strikes, what seem to be the main issues and what corrective actions can the entrepreneur take? Examples of both successful and unsuccessful enterprises will be discussed. Discussion will focus on the character, personality and strategy behind different business models.

Required Readings:
- How to Write a Great Business Plan
- 10 Rules of Successful Entrepreneurship
- Wisdom of Titans – Chapters 1-6

Case: Leadership in Crisis; Ernest Shackleton and the Epic Voyage of the Endurance

Assignments:

1. Case: Leadership in Crisis Case Analyses - Utilizing information from the assigned readings for this class and the facts of the Leadership in Crisis case, prepare a written analysis of the personal characteristics and skills that are associated with the successful entrepreneur. Explain why each is important and how they can work together to produce a successful result. Please refer to the specific questions attached to this outline for “Leadership in Crisis” to be addressed in this context. (Type B)

NOTE: Also, see additional questions on canvas regarding the Leadership in Crisis Case

Guest Speaker: TBD

February 4: How to Capitalize a New Business (Session 2)

Perhaps the Achilles Heel of many entrepreneurs is not fully appreciating the importance of sustainable funding for their business plan and the multiple alternative financial sources and structures that may be applicable during the life of a business. This class will discuss sources of working capital, seed investment funding, joint ventures, and public and private sources of debt and equity financing, and how sources of funding have changed (or not) over time. RXR, IHP, Bedford Properties, Security Capital, and Wheelock Street Partners, among others, may be discussed as examples to illustrate alternative funding concepts.

Required Readings:
- Wisdom of Titans – Chapters 7-11
- Real Estate Finance and Investments- Chapters 11, 12, 13 and 18, Supplement A and B***
- Emerging Trends in Real Estate 2016 (Optional, but please at least skim for general content)

***Highly recommend for students who do not have extensive real estate finance backgrounds

Assignment:

Be Prepared to Discuss (a write-up is not required): Identify alternative funding sources to capitalize a new business, and the pros and cons associated with each. How does one determine the amount of capital that will be needed and the potential sources and uses of capital? What are the tradeoffs between debt and equity capital for a startup and for more established businesses? How can the financial risks for a real estate startup venture be mitigated?
1. **Hand-IN:** Final Project Team membership and a brief description of the new business concept (1 page single spaced)

**Guest Speaker:** TBD

**February 11: Real Estate Development (Session 3)**

Development has always been synonymous with entrepreneurship in the property business. One merely has to look at the skyline of any American city and the landmarks observed are associated with names like Silverstein, Speyer, Zeckendorf, Ross, Simon or Hines to name a few. However, as those who have created great assets know, there is no great reward without great risk. This class will discuss the confluence of skills necessary to be a successful developer, how the development business has changed in the past 20 years and how developers mitigate their risks.

**Required Readings:**
Confessions of a Real Estate Entrepreneur - Chapters 9, 15, and 20

**Case:** The Crescent Hotel

**Optional Readings:**
Keepers of the Castle
What's Next? Getting ahead of Change

**Assignments:**
Case: The Crescent Hotel (Type B)
NOTE: See questions on canvas regarding The Crescent Hotel Case

**Guest Speaker:** TBD

**February 18: Markets and Relationships (Session 4)**

New real estate businesses are frequently begun by entrepreneurs with close market demand relationships or with the insight of an unmet demand in the market. This guest speaker and the assigned readings will discuss the importance of thoroughly understanding your market and establishing relationships and credibility with the companies and individuals that create the demand for your product or service.

**Case:** Value Retail; Creating a Luxury Experience

**Optional Readings:**
Real Estate Finance and Investments-Chapter 21, Supplement A***
What's Next? Real Estate in the New Economy

***Highly recommend for students who do not have extensive real estate finance backgrounds

**Assignments:**
1. **Hand-in:** Value Retail Case Analysis (Type B)
NOTE: See questions on canvas regarding the Value Retail Case

2. **Be Prepared to Discuss:** In addition to preparing the Value Retail case assignment to be provided in advance of class, be prepared to discuss market, economic and technology trends that are influencing the future supply and demand, and sources of capital, for real estate. Identify potential new business opportunities and competitive disintermediation that may be associated with these emerging trends.
February 25: Real Estate Investment Management (Session 5)

AEW, AMB, Clarion Partners, Starwood: what can the prospective investment management entrepreneur learn from these models and their experiences. Specifically, what types of new business opportunities were created by the financial crisis of 2008-2009?

Required Readings:

Assignments:
Hand-in: Starwood Property Trust Case Analyses (Type B)
NOTE: See questions on canvas regarding the Starwood Property Trust Case

Guest Speaker: TBD

March 3: Real Estate Technology and Service Models (Session 6)

The application of technology to commercial and residential real estate began with the “dot-com” boom of the late 1990’s. Since that time, internet technology has been successfully applied to data aggregation and analysis, market research, online marketplaces for property, goods and services, collaborative work spaces and, more recently, crowdfunding. This class will discuss the key ingredients to successful business models and the challenges of achieving scale and profitability.

Required Readings:
The Future of Fundraising is Online; Real Estate Crowdfunding, 2014
Case: Killing Craigslist

Optional Reading:
Airbnb (A)

Assignment:
Hand-In: Case Assignment: Killing Craigslist (Type B)

March 10: Course Summary and Selected Project Team Presentations (Assignment Type A)

Presentation by Selected Teams of their Entrepreneurial “Best Ideas”, Class Feedback and discussion, followed by Summary of the course.

Assignment: Each student/Team will be required to submit by Friday March 3rd a business plan and power point presentation presenting a new entrepreneurial real estate business concept and how they would apply what they have learned from the course to this venture.

The business plan should be not exceed 5 single spaced pages (excluding any supplemental exhibits, charts). The business plan should be approached as an overview memo one would send to a potential investor in advance of a presentation (and a document the investor would hopefully reference after the presentation).

The presentation should not exceed 10 slides. It should be structured for an audience that includes individuals who have not read your overview memo in advance of the presentation (as will often be the case).
<table>
<thead>
<tr>
<th>Date / Session</th>
<th>Required Reading</th>
<th>Optional Reading</th>
<th>Hand-In Assignments</th>
<th>Be Prepared to Discuss Assignments</th>
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</thead>
</table>
| 1/28: Session 1  
Real Estate Entrepreneurship Overview | • How to Write a Great Business Plan  
• 10 Rules of Successful Entrepreneurship  
• Wisdom of Titans Ch. 1-6  
• Case: Leadership in Crisis | | | • Leadership in Crisis Case Analyses (Memo #1) |
| 2/4: Session 2  
How to Capitalize a New Business | • Wisdom of Titans Ch. 7-11  
• RE Finance & Investments - Ch. 11, 12, 13 & 18, Supp. A & B*** | • Emerging Trends in Real Estate 2016 | * Final Presentation project team members & brief description of their new business concept | • Alternative funding sources… (see session date for detailed Qs) |
| 2/11: Session 3  
Real Estate Development | • Confessions of a Real Estate Entrepreneur - Ch. 9, 15, & 20  
• Case: The Crescent Hotel | • What’s Next? Getting ahead of Change  
• Keepers of the Castle | | • The Crescent Hotel Case Analyses (Memo #2) |
| 2/18: Session 4  
Markets and Relationships | • Case: Value Retail; Creating a Luxury Experience | • RE & Investments - Ch. 21, Supp. A***  
• What’s Next? Real Estate in the New Economy | | • Value Retail Case Analyses (Memo #3)  
• Trends influencing future supply & demand… (see session date for detailed Qs) |
| 2/25: Session 5  
Real Estate Investment Management | • [Case: Tentatively-Starwood Property Trust S-11 (see session date for specific sections)] | | | • [Starwood Property Trust Case Analyses (Memo #4)] |
| 3/3: Session 6 Part A  
Real Estate Technology and Service Models | • Real Estate Tech Mid Year Report  
• The Future of Fundraising is Online  
• Case: Killing Craigslist | * Airbnb (A) | | • Killing Craigslist |
| 3/3 Final Business Plans Submission | | | | • Submit business plan & power point presentation |
| 3/10: Session 7  
Summary & Class Presentations | | | | • Business plan presentation |

***Highly recommend for students who do not have extensive real estate finance backgrounds