



## Real Estate Capital Markets

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Course Number: REAL1-GC.1095.002. / DEVE1-GC.1095.002  
Day: Tuesday 4:20p - 6:20p  
Dates: 9/4/18 - 12/11/18  
Office Hours: M-F 9:30a – 6:50p

### **Course Description:**

This course identifies the sources of debt and equity capital for commercial real estate and the vehicles by which this capital is delivered to the property markets. Topics covered will include drivers that influence the flow of funds to/from the real estate property market, determinates of risk premiums, and the interplay between the CRE capital markets with the broader economy. Particular focus will be given to the public markets due to their transparency and, often times, leading indicator of risk appetite. There will be a heavy emphasis on the history, evolution, and nature of structured finance and real estate securitization.

### **Course Prerequisites:**

Students should have completed all Tier I and Tier II courses prior to registering for this course.

### **Course Structure:**

The class will involve a mix of weekly in-person lectures and active discussion by all students. Please make sure to check [NYU Classes](#) regularly as it will be used for posting the course syllabus, selected class materials/handouts, and other relevant material. No cell phones or audio/visual recording of any kind is allowed in the classroom.

### **Course Learning Outcomes:**

By the end of this course, students will be able to:

- understand the public and private, debt and equity markets
- become familiar with the drivers of capital flows to/from property markets
- become familiar with the basic concepts of risk analysis and risk pricing
- understand rationale, process, and structure of CRE securitization
- become familiar with commonly used performance and valuation metrics for REITs/REOCs
- become familiar with the Bloomberg terminal as a capital markets tool

Remember, this is a graduate-level course and, as such, it is as much about learning a process (how to ask the right questions, how to solve problems, and how to work within a group setting) as it is about learning specific concepts.

### **Required and Recommended Material**

Reading material includes:

- Required textbook: CREFC CMBS e-primer; published by Commercial Real Estate Finance Council. Commercial @ [www.crefc.org](http://www.crefc.org)
- Required textbook: The Intelligent REIT Investor;
- Required reading on Classes: Analyst reports, market commentary, and various research articles will be posted on Classes. Please read the material prior to each class and be prepared to ask and answer questions in class. All of this material is fair game for quizzes, discussions, and exams. It should be



noted that material provided on Classes is for academic purposes only and is not to be used in conjunction with your job or outside business activity.

- Optional textbook: *Financial Institutions, Markets and Money*; Kidwell, Blackwell, Whidbee & Peterson
- Optional reading in Brause Library: Commercial Mortgage Alert, Real Estate Alert, and Real Estate Finance & Investment

**Communication Policy:**

All student/professor communication is to be conducted either through NYU email address or the NYU Classes course email. Please be mindful of FERPA guidelines; NYU Classes course email supports these policy guidelines. All email inquiries will be answered within 24 hours.

**Course Expectations:**

Attention professor: This section is painfully redundant of both Assessment Strategy and Course Outline. If you feel compelled to add more information here, please do so. Otherwise delete this section.

**Assessment Strategy:**

It is the Professor's goal to facilitate a learning experience where everyone exceeds their own expectations, with commensurate effort, of course. Part of the academic process is to grade the student's effort and the results of their learning experience. Each student's final grade will be determined by giving weight to the following results:

- |   |     |
|---|-----|
| • Participation*                            | 10% |
| • Homework                                  | 7%  |
| • Case Studies (3)                          | 40% |
| • Mid-term exam (take-home)                 | 14% |
| • Final examination (cumulative; take-home) | 29% |

As a rule, late work is not accepted. If you must submit an assignment late (this applies to missed presentations, as well), you must obtain the Professor's prior approval. If approved, there will be a hefty penalty associated with late submissions.

\*Participation is defined as being prepared (i.e. reading lecture material in advance), being actively involved in classroom discussions, and posing relevant questions during student and/or guest presentations. Multiple absences could result in receiving less than full credit for Participation.

**School Grading Policies:**

The Schack Institute of Real Estate of New York University strives to promote an ethical learning environment and wants to ensure that all students understand the concepts of academic integrity. We see this as an extremely important issue for the students' time at the Institute, but also for after graduation. Hence we require that all students familiarize themselves with the Policy on Academic Integrity and Plagiarism as found on the following link:

<http://sps.nyu.edu/academics/academic-policies-and-procedures/graduate-academic-policies-and-procedures.html#Grades>



**NYUSPS Policies:**

NYUSPS policies regarding the Family Educational Rights and Privacy Act (FERPA), Academic Integrity and Plagiarism, Students with Disabilities Statement, and Standards of Classroom Behavior among others can be found on the NYU Classes Academic Policies tab for all course sites as well as on the University and NYUSPS websites. Every student is responsible for reading, understanding, and complying with all of these policies.”

The full list of policies can be found at the web links below:

- University: <http://www.nyu.edu/about/policies-guidelines-compliance.html>
- NYUSPS: <http://sps.nyu.edu/academics/academic-policies-and-procedures.html>

**Course Outline:**

Class	Date	Subject	"Classes" Lecture Folder	PowerPoint	Course Package	Exams
1	4-Sep	Introduction & Overview distribute CSI	1	1	1	--
2	11-Sep	Public Equity: REIT equity introduction; discuss CSI	2	2	2	--
3	18-Sep	No Class: Business Travel make-up session tbd	--	--	--	--
4	25-Sep	Public Equity: REIT equity (cont) valuation & funds flow	2	2	2	--
5	2-Oct	Presentations: Case Study I	--	--	--	--
6	9-Oct	Public Debt: REIT unsecured introduction; distribute CS 2	3	3 & 4	3	--
7	16-Oct	No Class: Business Travel make-up session tbd	--	--	--	--
8	23-Oct	Public Debt: REIT unsecured introduction; distribute CS 2	3	3 & 4	3	--
9	30-Oct	Public Debt: REIT unsecured guest speaker	--	--	--	Midterm (1)
10	6-Nov	Presentations: Case Study II	--	--	--	--
11	13-Nov	CMBS: introduction, history, and definitions introduction; history & definitions; distribute CS3	4	6	4	--
12	20-Nov	CMBS: tranching, pricing and rating agencies structure, pricing	4	6	5	--
13	27-Nov	CMBS guest speaker	--	--	--	--
14	4-Dec	Presentations - Case Study III CMBS analysis	4	6	6	--
15	11-Dec	The Esoteric & The New CDO, CDS, Swaps, CrowdFunding, CREtech, PACE	5	--	7	Final (2)

**NOTES**

- (1) The midterm will be distributed after class on 10/30 and due by 11:50p on 11/2
- (2) The final exam will be distributed after class on 12/11 and due by 11:59p on 12/14