

**B8426  
REAL ESTATE ENTREPRENEURSHIP**

**Christopher Mayer  
Paul Milstein Professor of Real Estate**

**Fall 2017  
Wednesday, 5:45 pm - 9:00 pm**

Real estate has historically been an entrepreneurial industry. Great fortunes and enterprises have been created by entrepreneurs who started as contractors, agents, investors, and other service providers in real estate and related businesses. Others have built investment management businesses from scratch, often starting from small purchases and growing into multi-billion dollar funds. 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. At the same time, real estate technology companies have started to threaten traditional business models in real estate services (brokerage and modeling), capital markets (crowdfunding and financing), and, of course, ownership and leasing (AirBNB and WeWork).

Although the property industry remains a marketplace where talented entrepreneurs can still build great businesses and fortunes, nevertheless, 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. This includes a focus on the factors that lead to a successful entrepreneur as well as the key opportunities in real estate.

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

The completion of two written case analyses and a case precis will be required during the term to be completed individually, along with a New Business Proposal that will be prepared as a group. Groups will be required to meet with the Professor and/or the class Teaching Assistant at least twice during the term (with all group members attending). These meetings will include a discussion of the business concept, the financial model, and presentation. Each group will present their Proposal on the final day of class.

Pre/Co-requisite: Real Estate Finance (B8331).

IN ADDITION, students accepted for the class will be required to submit, prior to the first day of class, on Canvas a one-page summary of their background, reason for taking the course, and what they hope to learn from it.

### **COURSE EXPECTATIONS**

Assignments must be completed and turned in at the start of class in the designated Canvas folder. Late submissions will be accepted up to 24 hours after the beginning of class with an automatic 25% deduction. After that time, late assignments will not be accepted for credit. If a student is unable to complete an assignment on time because of a medical issue, family emergency, or other critical reason, it is essential to notify the professor before class and receive permission from the Office of Student Academic Affairs. (In school, as in a work environment, it is better to ask for permission beforehand than to ask for forgiveness afterwards.)

Confidentiality and respect for ideas is an important part of this class. We will have guest speakers, previous students, and classmates who are willing to provide and discuss confidential material and business plans. While, as we will see, building a business is a lot more than just coming up with a good idea, it is critical that everyone can talk freely. This will allow all of you to get more from the 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 1 class (other than for religious holidays) is likely to adversely affect your grade.

No Cell Phones, Laptops, Notebooks, or iPads unless you are taking notes. Please place these items in a safe place where they cannot be touched in class. If you intend to take class notes on an electronic device 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.

Preparation. Students must be prepared for all classes. Class discussion will be based on the assumption that you have thoroughly read the relevant materials and are prepared to answer questions as well as pose questions in class. **THE PROFESSOR MAY COLD CALL ON STUDENTS!**

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

Case Memos and Precis: There are 3 Cases for the class. Students must individually complete two Case Analysis Memos (15% each) plus a 1-page Preci (5%), with students choosing which cases to complete using a full Memo versus a Preci. The memos must be submitted in Canvas by the time class starts. Each memo must be no longer than three single-spaced pages in length, plus exhibits if needed. Issues to be addressed in each case will be posted on Canvas. For the third case, students must turn in a 1-page Preci—a summary of the case and suggested action. Students are expected to read ALL of the cases but can choose which cases they wish to prepare a Memo or a Preci. Regardless of whether a Memo or Preci is turned in, students should be prepared to discuss the case in class.

New Business Proposal: The presentation materials will consist of a business plan (not to exceed 5 single spaced pages, plus exhibits) and a “pitch book” presentation (not to exceed 12 slides), along with the accompanying Excel model. Students must work in teams of 2 – 5 members. Final Project team membership and a short description of the new business concept must be submitted prior to the second class.

#### **GRADING**

Grading will be based on Class Participation (10%), Individual Case Analysis Memos (45%), Final Business Plan/Model (30%), and Final Presentation (15%).

**PROFESSOR MAYER’S EMAIL:** [cm310@gsb.columbia.edu](mailto:cm310@gsb.columbia.edu)

**OFFICE HOURS:** Wednesday 4 pm – 5 pm, or by appointment; Office: Uris 805

**TEACHING ASSISTANT:** TBA

## B8426: REAL ESTATE ENTREPRENEURSHIP

### Textbooks

#### Required

Bill Aulet. *Disciplined Entrepreneurship*. Wiley, 2013.

#### Strongly Recommended

James A. Randel. *Confessions of a Real Estate Entrepreneur*. McGraw Hill, 2005.

#### Optional/Additional Resources:

Peter Linneman. *Real Estate Finance and Investments: Risks and Opportunities*, 4<sup>th</sup> Edition. Linneman Associates, 2016.

Eric Reis. *The Lean Startup*. Crown Business, 2011.

Lynda Applegate. *Entrepreneurs Toolkit*. Harvard Business School, 2004.

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

### Case Materials

- 1) Case #1: Evaluating ArborCrowd Offering
- 2) Case #2: Building Watch A-C (Columbia Case Works)
- 3) Case #3: Leadership in Crisis: Ernest Shackleton and the Epic Voyage of the Endurance
- 4) Case #4: WeWork
- 5) Other cases to be announced

### Class sessions (Tentative and subject to change; Guest speakers to present in most classes)

- 1) Introduction to Real Estate Entrepreneurship
- 2) Opportunities for the Real Estate Entrepreneur; Form groups and develop new ideas
- 3) Real Estate Crowd Funding- Opportunity or fleeting trend; Case #1 due
- 4) Building a start-up business; Review and critique business plans
- 5) Funding a start-up business- Part I; Case #2 due
- 6) Funding a start-up business- Part II; Initial in-class presentations
- 7) Leadership and entrepreneurship; Case #3 due
- 8) How to buy and fund your first building
- 9) WeWork, leasing, and working with start-ups; Case #4 due
- 10) Building an investment management business; Case #5 due
- 11) Opportunities in Green real estate
- 12) Final presentations- in class