

**B8426  
REAL ESTATE ENTREPRENEURSHIP**

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

**TA: Elena Venkova**

**Fall 2018  
Wednesday, 5:45 pm - 9:00 pm  
WJH 209**

Real estate has historically been an entrepreneurial industry. Great fortunes and enterprises have been created by real estate entrepreneurs who started as investors, brokers, property managers, contractors, inventors, and even programmers. While investment management has become more institutionalized, there remain strong opportunities for individual investors to find deals and projects that fly below the radar screen of larger institutions. At the same time, real estate technology companies are threatening traditional business models in real estate services (brokerage and modeling), property management (energy efficiency and tenant services), capital markets (crowdfunding and financing), and, of course, ownership and leasing (AirBNB and WeWork). Some real estate owners and managers have responded to technological innovations not just by becoming early adopters, but also by creating their own venture capital arms to invest in the firms themselves.

While real estate classes typically focus on cases for existing projects provided by the instructor, this course pushes students to develop their own business ideas. Although the property industry remains a marketplace where talented entrepreneurs can still build great businesses and fortunes, nevertheless, most don't 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's 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. The skills to think like an owner and entrepreneur will also allow students to be successful in existing firms, developing new ideas or business lines.

The definition of a real estate business for this course is quite broad. Previous students

have focused on businesses including a network of hostels, an app to help sublet apartments, a development for a university in Charleston, rental units for active duty military families, modular construction, an energy efficiency contractor, and even renting warehouses to grow legal marijuana.

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 written case analyses 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 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 preliminary and final versions their Proposal, with classmates providing feedback for each other's proposals.

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

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 most circumstances, 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 one 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 distracting 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.

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: Students must individually complete the Case Analysis Memos. The memos must be submitted in Canvas by the time class starts. Page limits will be provided with each memo. Issues to be addressed in each case will be posted on Canvas and students should be prepared to discuss the case in class.

New Business Proposal: Students are expected to form groups to work together to develop a business idea. The business idea must be related in some way to real estate, broadly defined, including but not limited to investment, technology, property management, tenant services, development, construction, or any other idea. Groups will be expected to develop preliminary versions of their business ideas to discuss with their team and the Professor and present to the class. A financial model appropriate to the business is an important part of the presentation. The final presentation will consist of a “pitch book” presentation (not to exceed 15 slides, plus appendix slides), along with an accompanying financial model. Students must work in teams of 2 – 4 members (in select cases students may work on their own, but this requires instructor permission). 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 (15%), Individual Case Analysis Memos (40%), Preliminary Business Model and In-Class Presentations (15%), and Final Business Model and Presentation (30%).

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

TA: Elena Venkova’s E-Mail: [evenkova19@gsb.columbia.edu](mailto:evenkova19@gsb.columbia.edu)

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

## **B8426: REAL ESTATE ENTREPRENEURSHIP**

### **Textbooks and Resources**

#### **Required**

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

Guy Roz. *How I Built This*. National Public Radio Podcasts, 2016-present (Canvas).

#### **Optional/Additional Resources:**

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

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 (tentative)**

- 1) Case #1: Leadership in Crisis: Ernest Shackleton and the Epic Voyage of the Endurance
- 2) Case #2: Real Estate CrowdFunding
- 3) Case #3: WeWork

# OUTLINE AND ASSIGNMENTS (Tentative; subject to change)

- Class 1, Sept 5:** Course Overview and Requirements; Introduction to Real Estate Entrepreneurship and Startups; Meet to Form Groups
- Assignment:** **Student Background Due**
- Background: 1) *Aulet*, Introduction and Step 0 (Getting Started), Pp. 1-21.  
2) "VC doors are wide open for real estate startups," Crunch Network (Canvas)  
3) "Warby Parker: Dave Bilboa and Neil Blumenthal," Podcast on *How I Built This*, National Public Radio, December 26, 2016 (Canvas)
- Class 2, Sept 12:** Opportunities for the Real Estate Entrepreneur; Guest Speakers: [Joe Azrack '72](#) and [Bill Ferguson](#), CEO [Ferguson Partners](#); Groups present preliminary business ideas
- Assignment:** **Form Groups and in-class discussion of ideas**
- Background: 1) "Airbnb: Joe Gebbia," Podcast on *How I Built This*, National Public Radio, August 28, 2017 (Canvas)  
2) Articles on Real Estate Disruptors posted on Canvas
- Class 3, Sept 19:** Leadership and entrepreneurship; Guest Speaker: [Susannah Vila '13](#), Co-Founder & CEO, [Flip](#)
- Assignment:** **Case #1 (Leadership in Crisis) Due**
- Background: 1) Shackleton's Voyage of Endurance Video (1:54, Canvas)  
2) "Lady Gaga & Atom Factory: Troy Carter," Podcast on *How I Built This*, National Public Radio, May 28, 2018 (Canvas)
- Class 4, Sept 26:** Building a start-up business: [Zach Aarons '13](#), Partner & Co-Founder, [Metaprop NYC](#) and CEO from one of his portfolio companies
- Assignment:** **Meet with Professor to finalize business idea and plan**
- Background: 1) "Carol's Daughter: Lisa Price," Podcast on *How I Built This*, National Public Radio, June 12, 2017 (Canvas)
- Class 5, Oct 3:** Real Estate Crowd Funding; Guest Speaker: [Adam Kaufman](#), Co-founder and Managing Director [ArborCrowd](#)
- Assignment:** **Case #2 (Real Estate CrowdFunding) Due**
- Background: 1) "Kickstarter: Perry Chen," Podcast on *How I Built This*, National Public Radio, July 31, 2017 (Canvas)
- Class 6, Oct 10:** Funding a start-up business- Part I; Guest Speaker: [Yulia Yaani '08](#), CEO and Co-Founder, [RealAtom](#)
- Assignment:** **In-class Short-Take on business ideas (Groups)**
- Background: 1) "Minted: Mariam Naficy," Podcast on *How I Built This*, National Public Radio, June 4, 2018 (Canvas)
- Class 7, Oct 24:** Funding a start-up business- Part II; Guest Speaker: TBA
- Background: 1) "Whole Foods Market: John Mackey," Podcast on *How I Built This*, National Public Radio, May 15, 2017 (Canvas)
- Class 8, Oct 31:** How to buy and fund your first building and business; Guest Speaker: [Nancy Lashine '81](#) Managing Partner and Founder, [Park Madison Partners](#)
- Assignment:** **First draft Financial Model Due (Group)**
- Background: 1) "Real Estate Mogul: Barbara Corcoran," Podcast on *How I Built This*, National Public Radio, April 24, 2017 (Canvas)

- Class 9, Nov 7:** Building an investment management business; Guest Speakers: [Joe Azrack '72](#) and [Nick Bienstock '96](#), Co-Managing Partner, [Savanna](#)  
**Assignment:** **Draft Business Plan Due with Professor meetings**  
**Background:** 1) "FUBU: Daymond John," Podcast on *How I Built This*, National Public Radio, April 9, 2018 (Canvas)
- Class 10, Nov 14:** Leasing, and working with start-ups; Guest Speaker, [Eric Hadar '89](#), CEO and Founder, [Allied Partners](#)  
**Assignment:** **Case #4 (WeWork) Due**  
**Background:** 1) "WeWork: Miguel McKelvey," Podcast on *How I Built This*, National Public Radio, June 19, 2017 (Canvas)
- Class 11, Nov 28:** Opportunities in "Green" Real Estate; Review Class; Guest Speaker: TBA  
**Background:** 1) "Beyond Meat: Ethan Brown," Podcast on *How I Built This*, National Public Radio, February 26, 2017 (Canvas)
- Class 12, Dec 5:** **In Class Final Presentations**  
**Assignment:** **Powerpoint presentation**
- December 12:** **Final Presentation Due**  
**Assignment:** **Final Powerpoint presentation and Financial Model**