

## **BUSI 585, Introduction to Real Estate, Spring 2025**

**Instructor:** Zipei Zhu  
**Email:** [zipei\\_zhu@kenan-flagler.unc.edu](mailto:zipei_zhu@kenan-flagler.unc.edu)  
**Class Time and Location:** MW 3:30-4:45 PM at McColl 3000  
**Office Hours:** MW 10:30 PM-11:30 AM on [Zoom](#)

### **Course Description**

This introductory survey course focuses on general real estate concepts with an emphasis on income-producing, investment real estate. We will examine real estate fundamentals, including how one makes real estate decisions, creates value, and builds wealth through investment in real estate.

Class members will learn how to make informed decisions at the individual asset level. These decisions require familiarity with the different types of real estate - single-family homes, apartments, offices, retail - and an understanding of the real estate cycle. We will also examine the acquisition, development, and construction processes, financing, partnership issues and negotiation, real estate-related law, applicable partnership and contract law, property operations, and various other topics.

This course emphasizes practice over theory, including how people analyze real estate investment opportunities, execute real estate “deals,” and operate real estate. This is not a capital market or Wall Street finance course. It is for those who might take personal financial risk acquiring real estate assets and perhaps are willing to get mud on their shoes walking raw land and construction sites. The course is designed to help students make an informed decision about whether they want to seriously consider a career in real estate and, for those who do so, to be prepared to succeed in their first job.

### **Teaching Assistants**

Spencer Sabatino <[spencer\\_sabatino@kenan-flagler.unc.edu](mailto:spencer_sabatino@kenan-flagler.unc.edu)>

- Office hours: Thursdays 11:00 AM – 12:00 PM, [Zoom Link](#), Or by appointment

Kate Clarkson <[kate\\_clarkson@kenan-flagler.unc.edu](mailto:kate_clarkson@kenan-flagler.unc.edu)>

- Office hours: Tuesdays 5:30 PM – 6:30 PM, [Zoom Link](#), Or by appointment

### **Attendance**

Attendance is mandatory. BUSI 585 moves quickly, and the class material builds sequentially and becomes progressively more difficult. You will benefit from attending each class. You are allowed up to two absences, regardless of the reason. Any additional absence will negatively impact your attendance and participation grade.

### **Canvas**

All class materials will be distributed through the class Canvas site, including homework assignments, exams, and class materials. It is the responsibility of the student to log in, master, and use the class Canvas site. If a student is not yet enrolled in Canvas, the student must inform the TA that they need class materials until they have access to the site. Reminders would be appreciated until the student obtains access.

### **Exams and Quizzes**

There will be (1) a mid-term take-home exam, and (2) a final take-home exam distributed on the last day of class. Details will be provided at the appropriate time.

**Grading**

BUSI 585 will be graded as follows:

- Attendance and Participation 10%
- Homework assignments and pop quizzes 20%
- Mid-Term 20%
- Final Exam 50%

The instructor reserves the right to modify this weighting based on outstanding exam performance, class participation, or any reason the professor deems compelling, where doing so works in a student's favor.

**Homework**

There are weekly homework assignments except when an exam (mid-term or final) is posted. Homework assignments are given at the end of class on Wednesday and will be posted on the class Canvas website. Homework assignments are not set forth in this syllabus. "Time is of the essence" (a contractual term you will learn) such that homework is due precisely at the announced time, without leeway, and those submitting late will receive a zero (0) for the given assignment. The homework in this course is a continuation of the teaching and learning process and should be done carefully and completely. The homework is designed to help you do well on the mid-term and final exams. Doing the homework is your chance to test your mastery of the concepts we have covered in class. If you do well on the homework, you will likely do well on the exam. Allow sufficient time for each homework assignment. Homework is to be done on your own and without assistance from any classmate unless otherwise indicated.

**Honor Code**

Integrity is one of UNC Kenan-Flagler Business School's core values. According to our statement of core values, "we hold ourselves to the highest ethical standards." Violations of the honor code are inconsistent with this core value and are unacceptable in any form. Any violation of the honor code will result in academic consequences, up to and including

**Laptops and Electronic Devices**

Computers, laptops, smartphones, and other gadgets *du jour* are to be used only for understanding materials presented in class and answering questions posed in class. Using such devices to email, Twitter, Facebook, surf, shop, post, etc., disrespects the professor and guest speakers. Please be respectful.

**Late Exams**

The mid-term and final exams are take-home. Absent prior approval from the professor, any exam turned in late will receive a minimum penalty of one letter grade. Any exam turned in more than 24 hours late will receive a penalty of two letter grades.

**Participation**

You will benefit from and are expected to participate in class discussions and activities. Engage and learn!

**Textbook and Readings**

The required textbook is *Real Estate Finance and Investments: Risks and Opportunities*, by Peter Linneman. You can purchase it from: <https://www.linnemanassociates.com/real-estate-finance-textbook>

Other required materials and readings will be posted on the class Canvas website. The following are recommended but not required:

- Global Property Investment, Strategies, Structures, Decisions, by Andrew Baum and David Hartzell (textbook)
- William Poorvu, The Real Estate Game
- Gary Keller, The Millionaire Real Estate Investor
- Frank Gallinelli, What Every Real Estate Investor Needs to Know about Cash Flows

### Slides from Class

Slide decks and related materials for each class will be posted to the class Canvas site.

### Software

Microsoft Excel will be used in class. Please be sure you have a working copy to use in class on your laptop.

### Taping of Class

Special accommodation may be made for those with a medical note and who make arrangements before the class.

### UNC Kenan-Flagler Syllabus Wellness Statement

As a student, you may experience a range of challenges that can interfere with learning, such as strained relationships, increased stress and anxiety, substance use, feeling down, difficulty concentrating and/or lack of motivation. You may experience these challenges and others to an increased degree considering the things happening nationally and globally during this time. Unaddressed, these challenges have the capacity to diminish your overall well-being, academic performance, and/or reduce your ability to participate in daily activities.

All of us benefit from support during times of struggle. There are many helpful resources available on campus and an important part of your college experience is learning when and how to ask for help. Asking for support sooner rather than later can be the key to thriving throughout your time in college, and beyond!

If you or anyone you know experiences any academic or personal stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. Please reach out to one of the following resources for support:

#### **Felix Morton IV and Hannah Winslow,** **Wellness Specialist/Coaches**

UNC Kenan-Flagler

Email: [wellness@kenan-flagler.unc.edu](mailto:wellness@kenan-flagler.unc.edu)

Phone: 919-962-9315

Coaching Sign-Up:

<https://unckf.titaniumhwc.com/>

Online Wellness Resources:

[Kenan-Flagler Online Wellness Toolkit](#)

#### **Counseling and Psychological Services (CAPS)**

Location: James A. Taylor Building,  
320 Emergency Room Dr.

Office Hours Phone: 919-966-3658

(8:00a – 5:00p)

After Hours Phone: 919-966-2281

Email: [caps@unc.edu](mailto:caps@unc.edu)

#### **National Crisis Hotlines**

#### **National Suicide Prevention**

**Lifeline:** 1-800-273-8255

**Crisis Text Line:** Text 741741

### Title IX

Any student who is impacted by discrimination, harassment, interpersonal (relationship) violence, sexual violence, sexual exploitation, or stalking is encouraged to seek resources on campus or in the community. Reports can be made online to the EOC at <https://eoc.unc.edu/report-an-incident/>. Please contact the University's Title IX Coordinator (Elizabeth Hall, interim – [titleixcoordinator@unc.edu](mailto:titleixcoordinator@unc.edu)), Report and Response Coordinators in the Equal Opportunity and Compliance Office ([reportandresponse@unc.edu](mailto:reportandresponse@unc.edu)), Counseling and Psychological Services (confidential), or the Gender Violence Services Coordinators ([gvsc@unc.edu](mailto:gvsc@unc.edu); confidential) to discuss your specific needs. Additional resources are available at [safe.unc.edu](https://safe.unc.edu).

### Accessibility Resources and Services

The University of North Carolina at Chapel Hill facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability or pregnancy complications resulting in barriers to fully accessing University courses, programs and activities. Accommodations are determined through the Office of Accessibility Resources and Service (ARS) for individuals with documented qualifying disabilities in accordance with applicable state and federal laws. See the ARS Website for contact information: <https://ars.unc.edu> or email [ars@unc.edu](mailto:ars@unc.edu).

**Timetable (subject to change):**

<b>Session</b>	<b>Topics</b>	<b>Reading/Assignments</b>
Session # 1: Wednesday, January 8, 2025	<b>Topic #1:</b> Course requirements, class overview, and overview of real estate markets	Linneman, chapter 1: "Introduction: Risks and Opportunities" <b>Linneman, chapter 2: "What Is Real Estate?"</b>
Session # 2: Monday, January 13, 2025	<b>Topic #2:</b> Elements of real estate value: Income and expenses; pro-forma setup	<b>Linneman, "Prerequisite I: The Basics of Discounted Cash Flow and Net Present Value Analyses"</b> <b>Linneman, "Prerequisite II: IRR: What It Is and What It Isn't"</b>
Session # 3: Wednesday, January 15, 2025	Pro-forma setup (continued)	<b>Linneman, chapter 5: "Property Level Pro Forma Analysis", pp. 55-69</b> Linneman, chapter 6: "Financial Modeling"
<b>Monday, January 20, 2025</b>	<b>Martin Luther King Day: no class</b>	
Session # 4: Wednesday, January 22, 2025 <sup>1</sup>	Pro-forma (continued): Cap rates	<b>Linneman, chapter 5: "Property Level Pro Forma Analysis", pp. 70-73</b> <b>Linneman, chapter 9: "The Use and Selection of Cap Rates"</b>
Session # 5: Monday, January 27, 2025	<b>Topic #3:</b> Mortgages and debt in the pro forma	<b>Linneman, chapter 15: "The Use of Debt and Mortgages"</b> Linneman, chapter 13: "Distressed Real Estate loan and Bankruptcy Basics"
Session # 6: Wednesday, January 29, 2025	Mortgages and debt in the pro forma (continued)	<b>Linneman, "Prerequisite III: Amortization Fundamentals"</b> <b>Linneman, chapter 5: "Property Level Pro Forma Analysis", pp. 74-77</b>
Session # 7: Monday, February 3, 2025	<b>Topic #4:</b> Taxes and Real Estate	<b>Linneman, chapter 5: "Property Level Pro Forma Analysis", pp. 77-82; "Cash Flows Summary 2024.pptx" from Canvas</b> Linneman, chapter 18: "Real Estate Exit Strategies"
Session # 8: Wednesday, February 5, 2025	<b>Topic #5:</b> Acquisitions <b>Guest lecture: Joe Cannon</b>	Linneman, chapter 7: "Real Estate Due Diligence Analysis"
<b>Monday, February 10, 2025</b>	<b>Well-Being Days: no class</b>	
Session # 9: Wednesday, February 12, 2025	<b>Topic #6:</b> Property-level risk and return: Use of Leverage	<b>Linneman, chapter 14: "Should You Borrow?"</b>
Session # 10: Monday, February 17, 2025	Property-level risk and return: DCF Modeling Part 1	<b>DCF Modeling 2024.pptx from Canvas</b> Linneman, chapter 6: "Financial Modeling"
Session # 11: Wednesday, February 19, 2025	Property-level risk and return: DCF Modeling Part 2	<b>Calc Returns class 2024.pptx from Canvas</b>
Session # 12: Monday, February 24, 2025	<b>Topic #7:</b> Financing Structures: Ground Leases & Mid-term Review	<b>Linneman, Chapter 17: "Ground Leases as a Source of Finance"</b>
Session # 13: Wednesday, February 26, 2025	<b>Topic #9:</b> Introduction to leases and the economics of retail malls <b>Guest lecture: Stanley Werb</b>	Linneman, chapter 4: "The Fundamentals of Commercial Leases."

<sup>1</sup> Last day to drop semester course without a W notation; Last day for students to drop BUSI MOD 3 course via Connect Carolina

Friday, Feb 28, 2025	Mid-Term Exam released to Canvas at 12 PM, Noon	
Session # 14: Monday, March 3, 2025	No Class Due to Midterm	
Tuesday, March 4, 2025	Mid-Term Exam Due 11:59 PM, Midnight	
Session # 15: Wednesday, March 5, 2025	<b>Topic #8:</b> Development Process: Evaluating pro formas and appraisals	<b>Linneman, chapter 10: "Development Pro Forma Analysis"</b> Linneman, chapter 11: "Development Feasibility Analysis"
<b>Monday, March 10, 2025</b>	<b>Spring Break: no class</b>	
<b>Wednesday, March 12, 2025</b>	<b>Spring Break: no class</b>	
Session # 16: Monday, March 17, 2025	<b>Topic #7 (revisited):</b> Financing Structures: Real Estate Private Equity Funds	<b>Linneman, chapter 19: "Real Estate Private Equity Funds"</b>
Session # 17: Wednesday, March 19, 2025	<b>Topic #8 (revisited):</b> Development Process: distressed developers in a high-interest rate environment <i>Guest lecture: David Chen</i>	
Session # 18: Monday, March 24, 2025	Office fundamentals: <i>Guest lecture: Dr. Dave Hartzell</i>	
Session # 19: Wednesday, March 26, 2025	<b>Topic #10:</b> Equity securitization and the REIT market	<b>Linneman, chapter 21: "REITs and Liquid Real Estate"</b>
Session # 20: Monday, March 31, 2025	<b>Topic #11:</b> Securitization of debt interests: Commercial Mortgage-Backed Securities	<b>Linneman, chapter 16: "Sources of Long- and Short-term Debt"</b> Linneman, "Supplemental II: CMBS Case Study"
Session # 21: Wednesday, April 2, 2024	<b>Topic #12:</b> Entrepreneurship <i>Guest lecture: Brittany Cousins</i>	<b>Linneman, chapter 24: "Some Observations on Real Estate Entrepreneurship"</b>
Session # 22: Monday, April 7, 2024	<b>Topic #13:</b> Entrepreneurship: single-family rentals <i>Guest lecture: Manuf Patel</i>	
Session # 23: Wednesday, April 9, 2024	Mini-storage case solution discussion	
Session # 24: Monday, April 14, 2024	<b>Topic #14:</b> Real estate laws. <i>Guest lecture: Robert Slater</i>	
Session # 25: Wednesday, April 16, 2024	<b>Topic #14:</b> Real estate laws (continued) <i>Guest lecture: Robert Slater</i>	
Session # 26: Monday, April 21, 2024	Mini Research Symposium: Presentation by Zipei Zhu	
Session # 27: Wednesday, April 23, 2024	Real Estate Career; Contract homework solution; Final Exam Review	
Friday, April 24, 2024	Final Exam released to Canvas at 12 PM, Noon	
Session # 28: Monday, April 28, 2024	Final Exam Q&A class	
Thursday, May 1, 2024	Final Exam Due 7 PM, Midnight	