

San José State University
URBAN AND REGIONAL PLANNING DEPARTMENT
URBP 206– Market Analysis, Appraisal, and Finance of Real Estate
Development
Spring 2025

Instructor(s):	David Shiver, Lecturer, with Matt Fairris, Special Consultant
Office Location	Online
Telephone	510-612-1249 (office)
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Office Hours	Wednesday 4:00 to 5:00 p.m. via Zoom (or by appointment)
Class Days/Time	Monday 6:00 to 8:45

- a. Key demographic demand drivers
 - b. Key economic demand drivers
 - c. Site analysis for contemplated use
2. Ability to interpret real estate appraisal reports which use the following three approaches to valuation:
 - a. Market or sales comparables approach
 - b. Cost or replacement approach
 - c. Income capitalization approach
 3. Ability to address the major components of the real estate development process, including:
 - a. Site due diligence
 - b. Understand the permitted use and entitlement process
 - c. Yield analysis; conceptual site plan
 - d. Identify a competitive set of market comparables
 - e. Formulate a budget for predevelopment and construction
 - f. Determining project community benefits and contribution to social equity
 - g. Determining price and terms for site acquisition
 - h. Forming a development team and roles of each team member
 - i. Understanding the risks and challenges of real estate development
 4. Ability to prepare a static and multi-year cash flow financial analysis
 - a. Understanding of key financial performance metrics used in capital markets, including yield/cash on cash return, discount rates, IRRs, equity multiplier, debt coverage ratio, and loan-to-value ratios.
 - b. How to link the development program, development budgets, operating budget to the cash flow analysis.
 5. Understanding the basic capital financing structures, including terms for debt and equity participation, addressing the following:
 - a. Current capital market conditions and underwriting criteria for debt and equity
 - b. Basics of evaluating and presenting project viability to attract capital to a project
 - c. Key principles for joint venture agreements and structuring distributions to equity partners (including waterfall distributions)

Course Format

This course will be presented in an in-person format. All materials will be available to you through Canvas. Office hours will be held via Zoom on a computer which has a web camera and microphone, and which can run software such as MS Office, Zoom, Adobe Reader, etc. is required to participate in office hours. SJSU has a free equipment loan program available for students.

Your attendance is important to facilitate our understanding of the course material and required projects. Discussion of current trends will also benefit from attendance in person for the entire class.

Textbook and Readings

Real Estate Finance and Investments, William B. Brueggeman and Jeffrey D. Fisher. 17th Edition. 2021. Note that there is a 2024 release, but we plan to use the 17th edition. McGrawHill ISBN10: 1259919684 or ISBN13: 9781259919688. Referred to as “REFI course schedule.”

Other Readings

Several assignments require internet research using search engines and websites such as Google, data websites, and industry trade associations. Supplementary readings and other class materials will be provided in advance of each class.

Course Requirements and Assignments

Your grade for the course will be based on the following assignments and graded activities:

Activities/Course Elements	Percent of Course Grade	CLOs Covered
Class Participation - Individual	15%	1,2,3,4, & 5
Assignments - Individual	40%	1,2,3,4, & 5
Final – Group Project	45%	3, 4, & 5

Class Participation

Students are expected to contribute to class conversation in an intelligent manner and to ask questions regarding the material. Good questions can enhance the learning experience of the entire class.

Assignments

The instructor will distribute eight assignments over the semester per the schedule which will be completed by each student and submitted for grading.

Group Project

One of the main deliverables of the class will be a Group Project with three to four students per group as assigned by the instructor. The Group Project will be an opportunity to apply all the concepts learned in the class to the development of a new or existing structure that is currently available for sale on the market in the Bay Area. Students will need to meet with city officials and real estate brokers and make a proposal for the development based on the current or anticipated zoning. Students will need to prepare preliminary design sketches, a market analysis, financial proforma of the project detailing all development costs, future revenue and expected profit. Each group will submit an Excel spreadsheet of the project pro-forma; a 10- to 15-page investment memorandum detailing their investment proposal (including the constraints and risks of the investment) and a 20-to-25-minute presentation to the entire class. The Instructor will also meet with each

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Week/Lesson /Module (Delete if not applicable)	Date	Topic Covered	Reading	Assignments Due Dates
8	3/17	Financial Analysis- Static Pro Forma Financial Analysis –Cash Flow Pro Forma Assignment #4 (distribution)	REFI Chaps. 9 & 16	
9	3/24	Financial Analysis-Cash Flow In class exercise Project Team Formation Group Project Assignment	REFI, Chap.10 REFI Chap. 16 pages 536-545	Assignment #4
10	3/31	NO CLASS– SPRING BREAK		
11	4/7	Appraisal a. Role of appraisers b. Appraisal Instructions c. Three approaches to value d. Highest and best use e. Land residual value Project & Construction Cost Budgeting 15-minute Group Project Session		
12	4/14	Financial Analysis-Cash Flow In-class exercise Cash Flow: Mezz Financing 30-minute Group Project Session Assignment #5 (distribution)	Supplemental Readings	
13	4/21	Cash Flow: Preferred Equity Structuring Real Estate Investments 30-minute Group Project Session	REFI Chap. 18	Assignment #5
14	4/28	Entitlement Process and Issues a. Zoning and General Plan b. CEQA c. Impact Fees d. Community Benefits Ground Leases 45-minute Group Project Session	Supplemental Readings	
15	5/5	Guest Speaker TBA Group Project Check/Q&A		
16	5/12			

