BARUCH COLLEGE
Department of Real Estate

CAPSTONE COURSE: REAL ESTATE DEVELOPMENT I

Real Estate: RES 3900
Fall Semester 2011
M-W at 4:10pm

COURSE SCHEDULE AND ASSIGNMENTS

Professor John Goering
Office Hours: Before and after class
and by appointment
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Email: John.Goering@BARUCH.CUNY.EDU
(646) 660-6960

COURSE DESCRIPTION

This basic course includes a survey of real estate as a development process, including a look at market dynamics, investment options, and development choices. Market and financial feasibility issues are assessed as they are central for real estate development projects. Real estate financing is of critical importance. The course includes an examination of development trends in the New York region as they affect real estate development options and decisions. We will also briefly assess the foreclosed property market in New York.
Central to this semester’s course is the development of your own market feasibility analysis (the combination of market and financial feasibility is addressed in RES 4900). We will also make use of meetings with actual developers to review and understand their choices, costs and decisions. The course provides an opportunity to meet with and discuss development options and decisions by real estate professionals engaged in various sectors of the real estate industry in the New York area. The assigned textbook is *Real Estate Development*, by Mike Miles, Gayle Berens, and Marc Weiss (Urban Land Institute Press, 2007). The text is available at the bookstore or through the Urban Land Institute. There will be additional readings and course hand-outs.

**Course Assignments/Requirements**

There are five course assignments or requirements for the semester. Some are short; one is longer and a bit harder. They are all fun and relevant:

1. **Read the Course text: Real Estate Development**, by Mike Miles, Gayle Berens, and Marc Weiss; Urban Land Institute Press, 2007 (Identified below as: TEXT).

   Students are required to master the text. Please read chapters in association with classroom lectures and discussion. There will be additional, current periodical reading requirements over the course of the semester; see the next item.

   Students are required to have read the textbook and that topics covered in depth in the textbook can be the subject of exam questions.

   **Students are expected to read the following chapters of the Text prior to the midterm exam: Chapters 1-3; 7-12; 16-17.**

   **For the final exam students are to read all remaining chapters (but not including chapter 15 on affordable housing).**

2. **Read Real Estate Trade News**: Text books typically are not designed to capture current, exciting news and real estate transactions that help illustrate important trends and opportunities for development. Since there are many deals, foreclosures, possible deals in the making, and land use decisions of importance every informed real estate analysts or developer reads local media. Students are therefore required to read about New York real estate in "the Real Deal" at:

In addition, The Wall Street Journal has weekly, Wednesday, stories on real estate. We will identify relevant stories each Thursday for discussion the next Tuesday. The Wall Street Journal's "Real Estate Journal":
http://RealEstateJournal.com/cityprofiles/newyork_ny.html

Crain's New York which has fairly regular stories on local real estate. Copies of Crain's New York, from January 2003 to the present, are available in hard copy at the second floor Reserve Desk in Newman Library. The library also has full text articles from Crain's NY for earlier years in their 'Information Resources' databases (available on or off campus). Factiva, LexisNexis, PROMPT all should have the most current issue, and the next issue is usually posted about 5 days later.

NOTE: This material will be the subject of classroom discussion and periodic quizzes.

3. Prepare & Present a Short Report comparing a REIT with a Real Estate Developer:

Each student will prepare a concise (no more than 6 typed doubled-spaced page) description of the motivations, projects, financing, and core activities of a currently operating major real estate development firm with a REIT.

The developer has to be currently operating in and/or they need to have a presence in New York City. There are of course also NY based REITs. A list of equity REITs is available from their trade group, NAREIT. (If you and your family are already in the real estate development business you may not use them for your case study).

This description will be drawn from firm websites, annual reports in the case of a REIT, industry publications, like the Real Deal, and from emails to communication directors at the relevant firms. REIT’s that are publicly traded provide detailed information in their annual reports. CEO’s, developer-owners are not to be contacted. Some developers, like Donald Trump, have been the subject of book length examinations.

The issues your report should address include the following:

a. why each firm was started/when;
b. the current inventory of assets owned and managed;
c. the acquisition and development strategy of each firm and developer;
d. the on-going asset management approach of the firm and REIT;
e. recent sales of assets if any or even acquisitions or new developments;
f. the central financing practices and activities of the firm; for REITs this would be related to their positions on debt and equity investors (publicly held only);
g. their assessment of current market trends and opportunities;
h. Most importantly, contrast the two types of organizations; what do they do that is similar and different?
i. include citations to the sources you used

There are many smaller real estate development and management firms in NY that are potentially eligible for this assignment. Among the developers that can be selected are the following; there are some equity REIT’s listed as well:

Options/Developer/REITs:

Douglas Durst [http://www.durst.org/master.htm]
Muss Development
The Moinian Group
Forest City Ratner
Time Equities
Jack Resnick & Sons
The Rudins
The Brodsky Organization
Macklowe Properties
Rockrose Development
Thor Equities
Forest City Ratner
Rose Associates
The Related Companies
Tishman Speyer
The Clarrett Group
Swig
Elad Properties;
Extell
The Zeckendorf’s;
The Rudins;
Sam Chang
The Trump’s?
(and many more)

REITs: see NAREIT (see: [http://www.reitnet.com](http://www.reitnet.com))
SLGreen Realty Corp
Vornado
Avalon Bay
Equity Residential
Home Properties
Brookfield
Aimco
Centro
Boston Properties
Kimco

See various URLs: http://wirednewyork.com/developers/
Wikipedia gives you their usual simple start-up.

These reports are due at mid semester and before the midterm exam. Students may, if there is time, each make a short (5 minutes or so) power point presentation in class on what they have learned.

**NB: Again, the typed paper, double spaced paper can be no longer than 5 pages.**

### 4. Report on a Foreclosed Property

Foreclosures are a major fact of life for most real estate markets today. Because they are typically sold or auctioned `as is' the condition, therefore their use and value or profitability to you is uncertain. Each student will prepare a concise (no more than 8 typed doubled-spaced pages) description of foreclosed or REO filing within New York City.

Recall, this is a *simple “quick & dirty” due diligence* process aimed to have you appreciate the uses and limits of Property Shark and of the foreclosure process itself.

Each student will select one or two contiguous foreclosed properties and make use of the website *Property Shark* to assess the value and condition of the asset. They will then also describe the potential adaptations, uses, and value or rents from this property. They will select a property that best illustrates how some improvement in value can be achieved (by a novice developer). The analysis will also include an assessment of comparable properties as a probable guide to uses and value. Note: simple flipping of the asset is the most minimal real estate use of such assets and reveals little skill and is therefore discouraged.
There are a number of other websites that provide data on foreclosures that are listed below. There are many more. A number of sites offer a free trial period but usually only for a week. Students must therefore time their access to this free window of opportunity to maximize the information they will gather. One part of student’s reports will be an assessment of the advantages and limitations of the web sites they have selected to use for this analysis.

The issues your report should address include the following:

a. why you have selected the asset and the price you would & could acquire it at (low to high bids and why);
b. a comparison with properties within the nearby by market/submarket (these sales comps work best in a table);
c. your intended use of the property including rents (which means rent comps too) and the timing of an eventual sale;
d. any sense of property code violations or HPD fines that can affect your offer and decision?
e. a short assessment of local market conditions that can affect the pricing, uses and eventual sale of the asset;
f. how long you would hold the property and what types of returns you expect. (Assume operating expenses of 25% and vacancies at 10%)
g. a brief assessment of the utility & limits of the foreclosure websites you used.

Please address these issues in your report in the above order. Please express comparables in prices per square foot and not absolute dollar amounts.

Select students will have the opportunity for extra credit to present their analysis in class using power point. Selected students will make a short power point presentation on what they have learned in class. A written report will also be required and due at midterm time. [There are no waivers or delays allowed.]

**NB: the typed paper, double spaced paper can be no longer than 8 pages.**

*Websites/Select:*

Start with Property Shark.com You will also probably find it helpful to check with the Dept of Finance’s Acris website.

Geodatadirect.com offers useful building info and comps as well. You need to register with GeoData Plus LLC first. They offer a short term access option at virtually no cost.  
[https://www1.geodataplus.com](https://www1.geodataplus.com)
To get at rent comps, do a search for rental comps on Property Shark, and try rentrange.com
http://www.rentrange.com/ or rentometer.com
http://www.rentometer.com/

Foreclosurestore.com; Foreclosure.com; RealtyTrac.com; HUD.GOV homes for sale in NY (note the FDIC website does not currently list foreclosed properties for NY); HomePath.com for Fannie Mae foreclosures by borough, has some multifamily; All-foreclosures.com.

For comparable sales make use of Zillow.com; Trulia; Loopnet; Zip realty.com; Yahoo real estate has sales by borough & some market data. Again some sites have only short free trial periods which students must use carefully. Some sites will link you back to data from Realty Trac, another major data provider on this issue. http://www.realtytrac.com/ Include a map using Googlemaps or Bing maps

5. Do your own Market Feasibility Analysis & Report: The beginning place for a real estate developer is to conduct a current analysis of the market feasibility of a project they are thinking or planning to develop. Such analyses are vital to assessing strengths and limits of the market or markets for the product in mind and essential for investors. They may also result in a decision that the current market does not offer the initially expected opportunity.

This last assignment is in two parts both focused on having you learn how to conduct a market feasibility analysis for a hypothetical real estate development project.

You will compare two sites: The two sites need to be in completely different submarkets or boroughs.

You then get to assemble data and information on both the demand and supply sides of these two sub-markets which you will select from within the 5 boroughs on New York.

You will also need to select a real estate product type that you would likely propose to build or develop. For most purposes this will be multifamily rental housing but it could be any other use that you believe will “work” in the markets you have chosen.

Assume you would only build a small to modest number of units for which you need to show demand and any insights on supply side competitors.
You will make use of existing public data sources to assemble as much information as possible about the demand for real estate products in the area you intend to build. It is the quality and professionalism of the information that you gather that will form the basis for your grade.

A short memo is due to me by no later than the end of September listing and describing the roughly 4 census tracts that you have selected for your Market Analysis as well as an explanation as to why you selected the area.

You will then prepare a written report integrating what you have learned from both your analysis of demand and supply side information. The final task requires that you interview two or more local area experts, such as real estate brokers, community board managers, lenders, or property owners/managers, about their understanding of both demand and supply in their market and to then integrate that into a written report examining both demand and supply for presentation at the end of the semester.

Select students will have the opportunity to present their market analysis in class using power point and in writing at the final class session.

More detail is provided beginning in section 11 on page 16.

**Evaluation of Student’s Performance:**

Final grades are based upon your cumulative performance for which the components are: quizzes, homework assignments, a midterm, a final exam, classroom participation, and the written assignments mentioned earlier.

**Attendance:** As you are seniors, classroom attendance is required as the material in this course cannot be mastered without class attendance and participation. Attendance will be taken at each session. You are permitted only three absences for any reason. For each absence above four for any reason (excessive lateness also counts as absence), your final course grade can be reduced by one notch (e.g. from B+ to B). If you have more than six absences, you may receive a WU grade and be dropped from the course.

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<tr>
<th>Written/oral assignments Including market feasibility analysis</th>
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<td>Mid-term exam</td>
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Class Participation/discussion  
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<td><strong>Participation/discussion</strong></td>
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Exams will focus on central learning issues from the textbook, classroom lectures. Students are expected to become familiar with key concepts and issues as discussed in the text. Class meetings and discussions assume and expect the active participation of students.

Any homework needs to be handed in at the start of the class on the date due. No late assignments will be accepted, nor there any make-up exams or quizzes. (In the event of a verified emergency that prevents the student from taking the final exam, he or she may participate in the next scheduled college make-up day.)

If a student is scheduled to make a classroom presentation and fails to be prepared on that day/time, they will lose one-half a grade level.

No cell phone, texting, or lap tops are allowed for use during class (see appendix for the reason for the latter).

No **laptop computers are not permitted for use in the class** for the following reason:

"Laptops vs. Learning"

By David Cole

Saturday, April 7, 2007; A13. The Washington Post (reproduced with permission)

"Could you repeat the question?"

In recent years, that has become the most common response to questions I pose to my law students at Georgetown University. It is usually asked while the student glances up from the laptop screen that otherwise occupies his or her field of vision. After I repeat the question, the student's gaze as often as not returns to the computer screen, as if the answer might magically appear there. Who knows, with instant messaging, maybe it will.

Some years back, our law school, like many around the country, wired its classrooms with Internet hookups. It's the way of the future, I was told. Now we are a wireless campus, and incoming students are required to have laptops. So my first-year students were a bit surprised when I announced at the first class this year that laptops were banned from my classroom.

I did this for two reasons, I explained. Note-taking on a laptop encourages verbatim transcription. The note-taker tends to go into stenographic mode and no longer processes information in a way that is conducive to the give and take of classroom discussion. Because taking notes the old-fashioned way, by hand,
is so much slower, one actually has to listen, think and prioritize the most important themes.

In addition, laptops create temptation to surf the Web, check e-mail, shop for shoes or instant-message friends. That's not only distracting to the student who is checking Red Sox statistics but for all those who see him, and many others, doing something besides being involved in class. Together, the stenographic mode and Web surfing make for a much less engaged classroom, and that affects all students (not to mention me).

I agreed to permit two volunteers to use laptops to take notes that would be made available to all students. And that first day I allowed everyone to use the laptops they had with them. I posed a question, and a student volunteered an answer. I answered her with a follow-up question. As if on cue, as soon as I started to respond, the student went back to typing -- and then asked, "Could you repeat the question?"

When I have raised with my colleagues the idea of cutting off laptop access, some accuse me of being paternalistic, authoritarian or worse. We daydreamed and did crosswords when we were students, they argue, so how can we prohibit our students, who are adults after all, from using their time in class as they deem fit?

A crossword hidden under a book is one thing. With the aid of Microsoft and Google, we have effectively put at every seat a library of magazines, a television and the opportunity for real-time side conversations and invited our students to check out whenever they find their attention wandering.

I feel especially strongly about this issue because I'm addicted to the Internet myself. I checked my e-mail at least a dozen times while writing this op-ed. I've often resolved, after a rare and liberating weekend away from e-mail, that I will wait till the end of the day to read e-mail at the office. Yet, almost as if it is beyond my control, e-mail is the first thing I check when I log on each morning. As for multitasking, I don't buy it. Attention diverted is attention diverted.

But this is all theory. How does banning laptops work in practice? My own sense has been that my class is much more engaged than recent past classes. I'm biased, I know. So I conducted an anonymous survey of my students after about six weeks -- by computer, of course.

The results were striking. About 80 percent reported that they are more engaged in class discussion when they are laptop-free. Seventy percent said that, on balance, they liked the no-laptop policy. And perhaps most surprising, 95 percent admitted that they use their laptops in class for "purposes other than taking notes, such as surfing the Web, checking e-mail, instant messaging and the like." Ninety-eight percent reported seeing fellow students do the same.

I am sure that the Internet can be a useful pedagogical tool in some settings and for some subjects. But for most classes, it is little more than an attractive nuisance. Technology has outstripped us on this one, and we need to reassess its
appropriate and inappropriate role in teaching. The personal computer has revolutionized our lives, in many ways for the better. But it also threatens to take over our lives. At least for some purposes, unplugging may still be the best response.

David Cole is a professor at Georgetown University Law Center. His e-mail address is cole@law.georgetown.edu.”

Academic Integrity/Honesty

It is of course understood that no student will, in any way, cheat in class, quizzes or on homework assignments.

If any cheating or plagiarism occurs, the party involved will receive an automatic failing grade in the course including referral to College authorities. Plagiarism is defined as the presentation of the work of another as one’s own. This includes direct copying without acknowledgment, submitting research papers or computer programs/analysis prepared by someone else, and copying written sources with only minor changes in wording, whether cited or not.

Class Schedule

The issues and schedule for the class is presented below. The schedule is provisional in that we will take advantage of opportunities to meet with key real estate professionals when their schedules permit and it may therefore require rearranging some class material to accommodate them.

This text and class lectures and discussion are two of key means that will be used in building a framework for understanding real estate development and decision making related to reasoned investment decisions. (Note: Many of the terminological and institutional details of real estate are addressed in the textbook.)

Time spent in the classroom will not involve the development of spreadsheet skills (which is addressed in RES/PAF 3550) or in accessing internet based real estate databases. These skills are however critical and will be referred to during the course.

Sessions: Class work will typically follow the order of the sessions as outlined below but we will take advantage of opportunities to meet with real estate professionals from the private or public sector as their schedules permit.

1. Curriculum and Introduction:
We will begin with a presentation of the curriculum and a discussion of your assignments for the semester. There is a short question and questionnaire to fill out.

2. Basic Concepts/Principles of Real Estate Development.

TEXT Chapter 1, “Introduction to Real Estate”; also TEXT Chapter 3, “Developers and Their Partners”.

“Real estate development is the continual reconfiguration of the built environment to meet society’s needs.” (text, 3).

“Developers take risks.”

Central to this discussion is a focus on real estate market cycles, the stages of development, and a general overview of market niches and different property types including, residential including multifamily housing, office/commercial, retail developments, hotels, and other industrial uses. The issue of “risk” will be introduced.

Students will need to assess macro-level risks and opportunities as a context for locally-based development choices. Local-level risks and choices are fundamental to the real estate due diligence process.

3. Key Market Segments & Real Estate Supply and Demand:

Read in the TEXT, Chapter 10, “Inception of an Idea”; Chapter 11 "Market Research"; Chapter 12, "Refinement of the idea".

Read also chapter 16, "The Feasibility Study" ; Chap. 17, and Chap 18 "Data Sources supporting Market Studies.” These chapters are essential. This material forms the heart of this semester’s course.

It is essential to understand how to describe past, current and prospective demand and supply for various real estate submarkets. Students need to have an appreciation of how to conduct basic market and financial feasibility studies as part of a real estate project as this understanding will be put to use in Capstone II. The text provides valuable insights into this process of due diligence.

FW Dodge is one firm that provides relatively unique supply-side information. A useful site of one firm that performs market feasibility and other studies is www.danter.com They provide free copies for downloading of some of their
analyses. They also offer a useful section on “What is Real Estate Research, Anyway?”

4. Trends, Cycles and Risk:

This session will focus on the bedrock importance of real estate developers assessing risk in its many formats and faces.

This session will focus on how to best appreciate those macro economic factors that have and will impact real estate markets. Cyclical patterns in the industry are of fundamental if unpredictable importance. There will be handouts of material on this complex topic.

We will in particular read and discuss the 2nd quarter 2009 report “Cycle Monitor” by Dividend Capital. (It will be handed out in class.)

5. The New York Real Estate Market: Beginnings

“Knowledge of the marketplace can give beginning developers the competitive edge they need.”

TEXT: Chapter 2, “The Raw Material: Land and Demographics in the US.”

Chapters 7-9, “The History of Real Estate Development in the United States.”

New York regional dynamics are both linked to and different from the rest of US markets. Understanding the uniqueness and the commonalities is central to doing development within the market. On the residential side, New York is much more heavily rental than most other US cities, with larger proportions of coops and rent stabilized units than any other US city. Your task is to begin to appreciate New York as a special marketplace for development and investing, recalling that Manhattan and the outer boroughs are often quite distinctive.

Among the key sites for information on the New York economy is the NY Federal Reserve at: www.NY.FRB.ORG/rmaghome/regional. This site provides frequently useful if elementary descriptions of local economic and labor force trends including forecasts of regional payroll employment. See regular Beige book analyses.

In addition, New York City’s Office of Management and Budget (OMB) issues useful, monthly assessments of labor force/jobs growth and decline. It also
provides an assessment of commercial real estate. It provides some comparisons with the US.

The trade press assignment, such as the Real Deal, is a key means for the beginner to assess recent investment and deal activity within New York City.

6. Land Use Zoning and Environmental Risks:

Among the earliest issues to face a developer for a site within New York City is the question of what the city’s zoning code will allow. We will discuss how the zoning text operates and limits your choices, what it adds as options, and how you find the information you need to assess your site’s development options, in square footage and in its real estate uses.

Read chapter 13 in the text for this. Also, Property Shark will provide you with data on this issue.

The City’s zoning code can be located at:

The City also recently published a clearly written Zoning Handbook (2011) that explains the code and its many subparts:

7. Beyond the Usual data: How to get at “hidden” demand?

The sources of data and information useful for market analyses is limited especially when the developer is interested in building in an emerging market or wants to serve as a pioneer in community some consider risky or distressed. What tools can you use to learn about demand in this situation?

Students will be provided a short case from a developer in Oakland California who had this problem. It assumes/requests that some in the class take on the role of the developer and some will enact the role of potential tenant or purchaser. This simulation is intended to allow students to develop specific lines of questions that can be used to ascertain demand levels; amenities; tenant risk assessment; and how much rent or other building features can increase demand for a specific development.

8. Retail & Real Estate Markets

The Retail sector is unique in that forms a key source of real estate investment and development but is also a key aspect of consumer behavior and
consumption patterns. The intersection of real estate and consumption trends makes this both interesting but also an important barometer.

Retail websites include: The International Council of Shopping Centers web site is: http://www.icsc.org (although much of their information requires a member login.

There is also useful retail information at: www.retailindustry.about.com. They have a section on retail statistics and market research data. They for example will also refer you to "Shopper Track" or http://www.shoppertrak.com/

A new firm in 2010, CPEX, issued a report on retail activity on the boroughs on NY. Some of the rent data appear invalid though. A copy of this report is nonetheless one of the few there is on this segment of the market.


Retail development is also addressed by firms such as the National Research Bureau, which has been providing data on shopping centers since 1956. http://www.anysite.com/location_data_shopping.htm Much of their data requires a fee though.

9. Real Estate Foreclosures:

People & investors have been losing their homes and other real estate properties in this market downturn. The foreclosure process is complex but there are useful sources of information about process, pricing, and risks associated with buying foreclosures for an alternative use.

The data base from Property Shark will be available for your use in the library for you to select a property, assess its good & bad points, and consider how much it is worth, including examining comparables for presentation in class. This is not meant as a full fledged introduction to the buying and selling of such properties but only as an introduction.

Students will make power point presentations of their cases in class.

10. Real Estate Finance: The Initial Issues:

Real Estate finance is at the core of development and is a complex, multifaceted set of issues especially given the turmoil experienced in the markets over the last year or more. We will do an initial look at evolving sources of capital for real
estate development and how have they changed. We will also begin our appreciation of the financial assessment of risks and return beginning with an understanding of net operating income. This issue is complex at the individual deal level and so more attention will be devoted to this issue in next semester’s course.

TEXT, Chapters 4, 5, and 6 on "Finance".

Note that a key part of development is obtaining current estimates of the costs of construction. We will briefly discuss this issue this semester and go into it in more detail in the next semester.

11. Market Feasibility Analyses: Student Presentations: Students will present in power point format their reports on real estate websites and on their combined assignments 5&6. A final written market feasibility report is due at the final class: no exceptions.

More detail will be provided in class and basic issues are discussed below:

**Market Feasibility Analysis: Assessing both Demand & Supply**

Obtaining current information on both the current demand and supply forces in a sub-market, as well as accessing those who have personal information and insights is critical to effective market analyses.

**Part I: Demand**

The first part of this assignment is for students to prepare a description of the potential demand for residential housing or another real estate use in either their own neighborhood or a neighborhood where you feel there are opportunities for development. You must compare that market with another second submarket in a different borough. This includes the basic size of the population living in the immediate neighborhood or census tract.

This assignment involves making use of *publicly available data* and information on the population living in any specific neighborhood within New York City. You will have to rely on US Census data to do this presented at the level of a small census tract (about 4,000 people).

You will need to report the population living in the area as of the last, most recent census of 2000 and use more current data to get at trends since the 2000 decennial census. NYU’s Furman Center provides a summary of information
about "The State of New York's housing and neighborhoods" that you will find really useful.

Their data can easily be found at their site: NYCHANIS:

http://www.nychanis.com/place?category=4205

You may also benefit from using InfoShare On Line, which offers a range of demographic data for different levels of analysis.

http://www.infoshare.org/

A written report on each of New York’s community districts is at: http://www.law.nyu.edu/realestatecenter/SOC_intro.htm

A fairly user friendly site that offers a way to access census data and other useful real estate information is from the UNHP at: http://www.unhp.org/crg/housing.html

Information about the people/population and housing in the borough. This is obtained from census Quick facts whose URL is:
http://quickfacts.census.gov/qfd/

Go to Census Quick Facts for the NY borough you are interested in, e.g. the Bronx at: http://quickfacts.census.gov/qfd/states/36/36005.html

This site will provide you with a lot of information or “people quick facts.” Select those facts that are most important for a new real estate developer to understand before deciding to undertake possible real estate investment in the borough.

Basic sources on data for New York City community boards and neighborhoods are:

a. there are community district needs reports for each of the city's districts see:


b. Myciti.org is a user friendly method of getting neighborhood information and mapping:

http://www.oasisnyc.net/OASISCiti.asp?name=OASIS+Citi&Left=906862&Bottom=115882&Right=1070276&Top=279296&zoomwidth=30&refresh.x=27&refres
h.y=12&PARKS_CITI=on&CEMETERIES_CITI=on&STREETS_CITI=on&TRN_CITI=on&NYC_ST_LABELS=on&NYCCB=on&LOTS=on&BLOCKS=on&Action=identify

c. New York City Oasis project site also offer valuable local area market related data:
http://www.oasisnyc.net/

d. A number of other sites offer thumbnail descriptions of local neighborhoods that include relevant summaries. See for example the NAR site (Realtor.com) offers a "Neighborhood Summary" under their 'Find a Neighborhood' link.

http://www.realtor.com/FindNeig/NeigDetail.asp?detzp=10016&lnksrc=REALN1LF2C0002&1.x=6&1.y=10&gate=realtor&poe=realtor

Crime Trends: A part of your market analysis will include a discussion of any major market risks. One source of data you need to collect for your market area are neighborhood crime statistics.

The level of crime in a neighborhood is one, of several, key sources of information you need to include in your real estate business plans as it can affect how clients or investors evaluate the relative security of their purchase or investment. For the area you select, report on the most recent crime data and the level of change or decline over the last several years. This information is available at:

Weekly Crime Statistics

Part 2. Supply

This is the harder of the two core parts. You must include information on vacancies, absorption time, and the key issue of what is being or may be planned. Property Shark and Craig's List can help as will local brokers.

Do not just tell me that there are some condos being but rather find out what their design is, amenities, when they will come on line, and at what rents or prices. This is central: they are your competition. If they come on line 9 months before your project is due, and there is rapid absorption, there is no concern. If their doors will open the same time yours will, and there is slow absorption, you have a real problem in selling this to investors.
There are only limited data sources that can help you evaluate the supply of real estate in your submarket. Corporations such as CoStar provide a limited amount of information to universities on parts of the New York market.

Students will begin by making use of information from PropertyShark.com, which offers free information, data, and maps. 
http://www.propertyshark.com/mason/

For the condo and coop market one source for New York area market reports on pricing and absorption is Miller Samuels Appraisers & Consultants (part of Prudential Douglas Elliman). See: http://www.millersamuel.com/reports/

To assist you in evaluating current prices for residential real estate a useful site is powered by Freddie Mac’s nationwide database of sales prices and tax records that date back to 1972. You enter the address and the site will provide a reasonably current estimate of the property’s current market value. You may do this for a number of nearby properties; http://www.homeadvisor.msn.com

Another source of information on supply side is from First American Real Estate Solution. Their product, RealQuest.com, provides detailed property level information used by appraisers and other market analysts. A copy of this is available from the library reference desk. (One user at a time though). http://www.firstamres.com/industry/real_estate.jsp

Real Quest provides a Property level screen with helpful information on your or competitors assets. It also has a “comparables” screen. It has a neighborhood screen with select tract level information, and a transaction history. It also offers a street map for sites. http://www.firstamres.com/products/realquest.jsp

You can also obtain a limited amount of building permit information. To begin the process of assembling relevant information students will access two types of information from the US Census Bureau, which is available at www.census.gov.

A. Once you are at the site, click on “Access Tools.”
   http://www.census.gov/main/www/access.html
B. You next go to Censtats.
   - When you are there the first information you will gather is building permit information for the borough on the borough or county within New York in which you are interested. This will tell you how many residential permits were issued in the most current month for which there are data. It will also tell you how much
residential building has occurred in your borough for the last year as well as an estimate of costs.

None of these data courses will however tell you all you really need to know about supply side of real estate markets.

Data take too long to become public and are often for too wide or broad a unit of geography to help you understand supply-demand tensions for your specific sub-market or niche.

*Talk to Brokers +: Meet with real estate professionals for your two markets to understand their views on the supply, pricing, and other features of what is available.*

It is essential to seek the information, advice and opinions of local submarket experts most notably brokers. This assignment involves interviewing, or talking with, at least two real estate professionals in the areas you have focused upon for your market analysis. (Note: they may not be colleagues or staff in the firm in which you are currently working as an intern or full time employee).

The focus of the interviews is on the following sets of issues:

a. who is moving into and looking for housing in the area you are interested in and what types of properties are they looking, at what price levels or rents, and with what amenities.

b. what is the supply side like in their micro market. That is, who is buying, remodeling, or building housing, retail or office space in the market area/neighborhood? What exactly are they building, at what price points and with what amenities? How quickly are these units being rented or absorbed?

c. What types of product and amenities are being sold, rented or built?

d. What special risks or problems are there that might affect development opportunities in this area?

e. How briefly do they feel the two markets compare and differ?

The people you interview are to be asked, then, about their views on BOTH the demand for residential, retail, or commercial office space in your local area and about the supply of new housing as well as current sales prices and the absorption of real estate products in the market areas you have selected.
The purpose of these interviews is for you to gain experience asking questions about any new projects being developed in the immediate area, current pricing and rent levels, any rent allowances or other incentives being offered, and the typical package of amenities offered.

Most of this information is not available from public sources. Note that their insights and information can often either support, challenge, or supplement the information you collect from publicly available data sources identified.

**A Written Report: You then do a written report integrating what you have learned from both submarket analyses:**

At the end of assignments, students will prepare a written summary of what information and data you have gathered about real estate in your boroughs and neighborhoods.

Students will prepare a short written report in which they include information on how many building permits there are for what type of property, and what types of people and housing there are in your borough. You will then combine this with the views and judgments of the real estate professionals who work in that area that you have talked with. Please succinctly compare the strengths and weaknesses of the two submarkets.

Many of you will have the opportunity to verbally summarize this information in class. You should use power point to assist you in this presentation. [The written final version of this report is due at the final class session. Late reports will lose one letter grade.]

**Do's and Don’ts: Basics of Preparing Your Market Feasibility Analysis Report.**

These are the elemental, simple cautions about what must be included for your report to be complete & and high quality:

1. **You are writing to a prospective investor:** As such this report cannot be a collection or recitation of facts nor an assembling of a lot of tables, maps and charts.

   It must be a thoughtful assessment of what makes a market work or tick for commercial real estate purposes. For an example of what is offered and required in the private real estate market see:

There are a number of major does and do not's: take note as they will affect your grade:

2. You may not use as the area for your Market Feasibility Analysis (MFA) any of the following: a city, an entire borough, or a zip code.

What you must do is select roughly 4 census tracts as the micro neighborhoods in which you will be do analysis of supply and demand dynamics. That is, you may not do all of Passaic, Flushing, Bayridge, or Buswick.

3. You must include current decennial census information. www.census.gov

In addition you are to make use of the NYU Furman center Report on Housing and New York City Neighborhoods” see : http://furmancenter.nyu.edu/CREUP_Papers/state_of_the_city/SOC_intro.html

You must also make use of information and data from: Property Shark.com; http://www.propertyshark.com/mason/nyc/

You will also most likely need to use and cite City Habitats Black and White Report for the most recent period> See: http://citi-habits.com/market.php

4. You must do trends covering from 1990 to 2000; and them from 2000 to the present.

5. You must compare your few census tracts with the patterns and trends in the borough as whole. This is how does your part of Astoria compares with what is happening in all of Queens.

6. You must include reference in your report to the following demand-side, census type information:

   Population size and growth from 1990 to 2000; and from 2000 to the present;

   Household composition; number of married couples; singles; non-married couples, etc.

   Age: Median and number of your adults, children and elderly.

   Median Income in the area and change from 1990; also include a discussion of income quintiles (see the Furman Report on this);
Ethnicity/race and immigration may be important to the brokering, sales or rental of the property you have in mind.

You must include a sensible map of the market area.

7. You must interview local area brokers or property managers. One in not enough.

8. **Interviewing brokers is essential**: Your report must include a separate caption/section addressing the area's zoning and any current changes; e.g. up or downzone and their impact on any planned development

9. **Risks and Area Weaknesses** (SWOTT): Your report must include an analysis of any weaknesses or problems in the area. This includes crime data. You must make use of local NY city crime data and not summary FBI numbers. For crime you must do the last year, 2-3 years; and the last 12 years.

10. **Include your final recommendation**: You must conclude with your own recommendation as to whether the submarkets, site and prospective deal make sense to you and why. Compare the two options.

11. **Sources**: Your last sheet lists all the data sources and interviews you have done. You must include in your endnotes a detailed explanation of what exact sources you use and include any URL's. When citing sources, you must include the broker's names, firm, date you talked to them, and their phone numbers.

**Editorial Issues:**

Your report must be organized: this means making use of captions or section headings.

When in doubt use text and not bullets or lists of facts

All charts and tables must be labeled saying what they are. No guessing for readers.

The core of the report must include: an overview of the market area; followed by an analysis of demand and population; supply side dynamics; and then a final summary and recommendation.

Please do not use first person singular; as in "I feel that; or I believe that..."
Put all detailed tables into appendices. Keep in mind that the reader is an investor and not a teacher.

Round of all percentages to one place: so: not 9.47% but 9.5%.

You may not interview any current or prior class members for this assignment (even if they are brokers or managers in the area you are focused on).