The Real Estate Development Process

Course Description

The Real Estate Development Process class objective is to explain through example the steps involved in moving from project inception to completion. While the design process is integral, it is only one part of a dynamic process which includes multiple stakeholders. Case studies, lectures, and a hypothetical case study will be used to shed light on the urban design and real estate development process. Certain factors are critical to successful urban development, including the ability to listen to stakeholders and respond and reconfigure in order to derive an improved solution. The course will allow students to better understand how proposed development programs function under challenging economic conditions and in light of conflicting interests.

The course will examine the urban design process including market analysis, site evaluation, analysis of strengths and weaknesses, development of master plan options, catalytic projects, financial analysis, and fiscal/economic analysis, implementation.

Green infrastructure has long played a vital role in the urban environment. When linked together in a coherent pattern, such individual landscape elements as the allee or promenade, the plaza or town green, the parkway or boulevard compose a living network that offers social, ecological and functional resources. As our cities change we sometimes see a corresponding shift in landscape prototypes. But, often not – traditional forms and symbolic content are remarkably persistent in the face of evolving urbanism, resulting in a disjunction between new and old that renders landscape as background, as infill, as mute in the face of emerging trends.

Jane Amidon, Radical Landscapes, Reinventing Outdoor Space, Chapter 6, Urban Ingredients
Course Objectives

Understanding of the Master Plan Process: The class will examine the master plan process through example, including an overview of the various uses of master planning.

Unique Master Plan Needs

1. Downtown Master Plan for main street district that has lost its competitive edge - Round Rock, Franklin, TN
2. Large publicly/privately controlled property – Mellon Arena, Pittsburgh, PA
3. University area master plan – University of Texas at Austin
4. Master Plan for downtown area with several public properties – Knoxville, TN
5. Master Plan in light of new development project – NOMA (Washington DC, area North of Massachusetts Avenue)

Understanding of Urban Design Precedent: Through discussions and example, we will look at urban design as it relates to the master plan process. The class will explore urban design based on historic precedent through current thinking, including current ideas regarding transit-oriented development and sustainability. Urban design in any form is highly dependent upon public and stakeholder development (e.g. land owners, leaseholders, government, quasi-government).

Understanding of Financial Implications of Development: What are the important trade-offs involved in the development process? It is incumbent upon the planner, policy maker, etc. to also understand the financial implications of any development project. Who will benefit? What thresholds are important in terms of turning a design project into reality? What methods and data sources are available to assess project feasibility?

Lecture

1--The Urban Design Process – theory and precedent, the urban design process, relationship of public spaces, transportation, market forces, regulations, etc.

The following topics will be discussed based on a series of relevant case studies:

2--Feasibility Analysis – an overview of market analysis as it applies to different uses (retail, housing, office). The overview will include a look at market share, competitive positioning, identifying relevant market supply and demand factors, and comparables analysis.

3--Financial Parameters – an introduction to feasibility analysis, income and expense pro forma. The section will broadly cover development economics, including residual land value analysis, net present value of a project, and potential return on investment. Development economics will be discussed relative to a proposed redevelopment project for Lafayette College in Easton, Pennsylvania.

4--Economic Impact Analysis – the process, economic versus fiscal, direct and indirect. Direct economic impacts are those that are directly attributable to the project (e.g. on-site construction and retail sales) while indirect impacts are those that occur as purchases and spending cycle through the local and regional economies. Economic impact analysis is based on the theory of input-output analysis, which quantifies the relationships between different sectors of the economy. The analysis is based heavily on assumptions and can be used to substantiate project development by identifying and quantifying positive tax implications.

5--Implementation Issues – We will look at the roles of the different players and the community, using the public sector to generate interest in private development, existing zoning and planning constraints and/or opportunities, timing and phasing, funding sources, management structures, and so forth.
Projects

1 – A **hypothetical case study** will be presented (public/private partnership, transit-oriented development (TOD), other to be decided) and teams will evaluate the following:

Phase I--Potential Market Support: Working in groups, the team will determine relevant real estate conditions, market segments, and likely absorption for the project.

Phase II--Economic Impact: The teams will analyze potential tax and job impacts of the proposed development as it relates to both construction and ongoing fiscal and economic impacts.

Phase III: Implementation Issues and Strategies: As part of this task, the team will identify management entities and roles, timing of priority projects, potential planning and design tools, funding mechanisms and possible incentives.

...*The part of the county closest to Philadelphia is the most suburban; the rest is more rural but changing fast. Londonderry, for example, looks like a farming area, but farmers make up only 10 percent of the population. Cassidy describes them as free-marketers when it comes to property rights. “They would prefer no development, but if it is to happen, they want the option of selling their land.” This transaction is sometimes referred to as “the last harvest.*

Rybczynski, Witold. *Last Harvest, From Cornfield to New Town*, Chapter 4, Last Harvest.
Required and Recommended Readings

