



**Commercial Real Estate Finance (CRE-4301-001 CRN:24426)**  
**Spring 2023 (Jan 17 - May 04, 2023)**

**Professor:** Zifeng Feng  
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**Office Phone:** (915) 747-5376  
**Office Room:** BUSN 206

**Lecture Location:** College of Business 312  
**Class Hours:** 3:00 - 4:20 pm, TR  
**Office Hours:** 2:00 - 3:00 pm, TR,  
and by appointment

**Course Description:** This course introduces students to CRE cash flow models and tools to ensure investment decisions are made on wise finance fundamentals and analyze value, risk, and return in commercial property markets. The student will be exposed to an overview of the CRE universe through tools such as cash flow models, time value of money (TVM), functions of the dollar, discounted cash flow analysis, net present value (NPV), cap rates, internal rate of return (IRR), and other tools used to compare different types of CRE investments.

**Textbook (Required):** Real Estate Finance & Investments, 16<sup>th</sup> Edition, By William Brueggeman and Jeffrey Fisher. ISBN-13: 978-1259919688

**Financial Calculators:** A financial calculator (TI-83, TI-83 Plus, TI-84, TI-84 Plus, TI BA II Plus Professional, HP 10B, HP 12, or other programmable Graphic Calculator with a Finance or Application keypad) is highly recommended. Your calculator should be able to compute the net present value (NPV) and the internal rate of return (IRR) on an uneven stream of cash flows.

**Grading:**

**Grade Calculation**

Schedule 1		Schedule 2	
Course Requirements	Weight	Course Requirements	Weight
Homework	21%	Homework	21%
Module 1 Exam	23%	Final Exam	69%
Module 2 Exam	23%		
Module 3 Exam	23%		
Group Project Presentation	10%	Group Project Presentation	10%
<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

**Letter Grade**

Letter	A	B	C	D	F
Range %	90 - 100%	80 - 89	70 - 79	60 - 69	59 or less

**Grade Remark:**

- 1) **Grade Dispute:** Grade appeals must be submitted to me, in writing, within one week after the assignment is returned to the student. This written appeal should contain a description of the assignment question, the student's answer, and a detailed objection to the current grade. Please submit this appeal along with the graded assignment that is in dispute.
- 2) **Schedule 2:** Schedule 2 is only available to students who have taken three module exams but would like to improve their grades. Schedule 2 could only improve students' grades by one entire letter grade. If a student's letter grade is D/F according to Schedule 1, the best grade the student

could get via Schedule 2 is C. If a student's letter grade is C according to Schedule 1, the best grade the student could get via Schedule 2 is B.

**Attendance:** Although there is no attendance point for this class, students are strongly encouraged to attend each class session and participate in class discussions. Students who attend class regularly perform substantially better in exams than those who do not.

**Homework:** Homework assignments are collected and graded via Blackboard. Homework solutions will be available via Blackboard.

**Module Exams:** The module exams are NOT cumulative. The exams will be based on assigned readings, lectures, weekly quizzes, and module problem sets. There will also be a final exam. The highest of the average of the three in-term exams or the final exam will be counted as the grade for exams.

**Final Exam:** There will also be a final exam available to students who want to improve their grades based on Schedule 1. The final exam is cumulative.

**Group Projects:** The group projects are due at the beginning of class on the day of the due date or beforehand unless otherwise announced. Each group should have (4) to (5) students. One student from each group will electronically **submit the group project in MS Word and Excel via Blackboard**. The group will title the documents "*THE SENDER'S NAME* – ProjectX – DOC" and "*THE SENDER'S NAME* – ProjectX – EXL", respectively. The names of all the group members will appear on a title page. The readability of these documents is the group's responsibility. Failure to follow these instructions will result in a reduction in your course grade. Specifically, submitting an individual instead of a group project will automatically reduce one full letter grade (10 percentage points).

#### **Email Communications**

If you want to send me an email, please use the UTEP email. The title of the email should be "*CRE-4301 – Problem X*".

#### **Important Notes:**

1. If you have any trouble with the class, please get help ASAP. Do not let the problems build up.
2. If you have a disability and need classroom accommodations, please get in touch with The Center for Accommodations and Support Services (CASS) at 747-5148, or by email to [cass@utep.edu](mailto:cass@utep.edu), or visit their office located in UTEP Union East, Room 106. For additional information, please visit the CASS website at [www.sa.utep.edu/cass](http://www.sa.utep.edu/cass).
3. **Academic integrity.** Academic integrity is an extremely serious matter. All students are expected to comply with University rules and regulations on academic integrity and honesty. Disciplinary sanctions may be imposed for violations of these rules and regulations. Because this class is a combination of quizzes and written case reports, extra care will be taken to ensure the integrity of the teaching/learning process.
4. This syllabus is tentative.

**Tentative Course Outline:**

The class will be organized as follows.

<b>Module 1: Time Value of Money &amp; Discounted Cash Flow</b>			
<b>Week</b>	<b>Reading</b>	<b>Topic &amp; Chapter Covered</b>	<b>Note</b>
1	Ch. 3	Time Value of Money Concepts, Calculations & Applications	
2	Teaching Notes	Discounted Cash Flow Valuation, NPV, IRR, & Cap Rate	
3	Teaching Notes	Discounted Cash Flow Valuation, NPV, IRR, & Cap Rate	
4		Module Review	HW 1 Due Feb 6 (Mon)
		<b>Exam #1:</b> Covering Chapters & Materials in Module 1	
<b>Module 2: Mortgage Loans - Fixed Interest Rate &amp; Adjusted and Floating Rate</b>			
5	Ch. 4	Fixed Interest Rate Loans	
6	Ch. 4	Fixed Interest Rate Loans	
7	Ch. 4	Fixed Interest Rate Loans	
8	Ch. 5	Adjusted and Floating Rate Mortgage Loans	
<i>Week 9 - Spring Break – No Class</i>			
10	Ch. 5	Adjusted and Floating Rate Mortgage Loans	
11		Module Review	HW 2 Due Mar 27 (Mon)
		<b>Exam #2:</b> Covering Chapters & Materials in Module 2	
<b>Module 3: Mortgage Value, Analysis, and Underwriting</b>			
12	Ch. 6	Incremental Borrowing Cost	
13	Ch. 6	Refinance	
14	Ch. 8	Underwriting and Financing Residential Properties	
15		Module Review	HW 3 Due Apr 24 (Mon)
		<b>Exam #3:</b> Covering Chapters & Materials in Module 3	
16		Group Project Presentations	Project Due May 1 (Mon)
17		<b>Final Exam:</b> Covering Chapters & Materials in All Modules	May 11 (Thu), 4:00 pm – 6:45 pm