

CRE/School of Architecture and Planning  
Spring, 2008

## 4.254J/11.303J Real Estate Development II

Monday, Wednesday 2:30-5:30 PM; Room 10-485

Dennis Frenchman, Professor, City Design and Development, DUSP  
Peter D. Roth, Lecturer, Dept. of Architecture, developer  
TA's: Victor Eskinazi, Steve Weikal

### Objectives

This subject provides students with skills and experience in synthesizing complex real estate development projects. It addresses the interaction among design, financial, market and public policy factors. As potential developers, or participants in the development process, students need to understand: the *products* of real estate, the *development process*; what makes *good design* for the private sector, and how to *synthesize a project* from multiple constraints. The course is based on the philosophy that real estate development is a creative process. Students are encouraged to innovate as they synthesize all aspects of a project.

The subject is oriented to students who have already taken Real Estate Development I, although it is not a prerequisite. We will also accept a limited number of additional students who bring skills in architecture, city planning, urban design or other disciplines related to real estate. This policy reflects the reality that development is a team effort requiring multiple disciplines. In the past, students from many backgrounds have benefited from, and contributed greatly to the course.

### Format

Real Estate Development is a studio. This means we will learn mainly by doing. In a series of exercises, students will be presented with typical development issues that they must evaluate and respond to in the process of synthesizing a project. The exercises require decisions about:

- *Site and context* -- What makes a good site? Recognizing real estate development opportunities and constraints inherent in a given location.
- *Development program* -- What makes a good project? Arriving at a development concept that best responds to the marketplace, while resolving physical, financial, and public policy constraints.
- *Project design* -- What is the right form and image for a program that maximizes benefits to the project and its surrounding community?
- *Implementation* – Does the project work financially and how should it unfold over time, managing risk while maximizing opportunities for value creation?

The exercises will be supplemented by lectures, discussions, and field trips offered by the instructors and invited guests. These will provide background information for each exercise, as well as exposure to the design and development process. Written material relating to each exercise, studio seminars, and case studies will be posted on the course Stellar web site. Given the diverse mix of skills in the class, several optional sessions will be held out of normal class time to provide additional instruction and practice in key skill areas for the students who need it.

## Organization

The semester will be divided into two parts:

- In part 1, we will take a close look at the ***anatomy of a complex real estate project*** by dissecting the physical, programmatic and financial elements of existing mixed use projects in the New England region. Students will be challenged to understand what makes the project work (or not) and recommend changes that would enhance its value. We will also review the language and products of real estate to understand the basic components from which more complex projects are synthesized. (6.5 weeks)
- In part 2, students will use the knowledge gained they have gained to prepare a comprehensive, professional ***development proposal for a large-scale mixed-use project***. We will provide basic information about the site and a schedule, then the faculty will serve as consultants to multidisciplinary development teams. We will emphasize the creation of value through quality design and expect teams to propose projects that innovate in some way. Lectures and cases will highlight cutting edge trends in real estate products, finance, technology, and sustainability. (7 weeks)

The site for our project proposal this term will be the ***Osborn Triangle***, a diverse collection of contiguous MIT owned parcels located adjacent to the campus on the proposed Urban Ring. This site will allow the class to explore potentials for innovative transit oriented development that mixes academic with income producing uses. The project has real implications for future disposition of the land, and therefore the MIT Investment Management Company and the MIT Campus Planning and Design will participate. Student teams will define their own site within the Triangle and develop a proposal for a profitable project that balances MIT needs, market demands, community desires, design opportunities, and financial imperatives.

## Requirements

Much of the learning in this subject will come from interactions with fellow students and with the faculty. Participation in lecture and workshop sessions, field trips, and reviews is essential. Teams will have assigned desks in 10-485, and work on the exercises should be done in the studio to the degree possible.

Each team member will be required to prepare a self-evaluation, and to evaluate the contribution of other members of their team to the project at the completion of Parts 1 and 2 of the course.

Final grades for the subject will be determined as follows:

- |                                      |     |
|--------------------------------------|-----|
| ▪ Class participation and "teamwork" | 25% |
| ▪ Assignment 1                       | 10% |
| ▪ Assignment 2                       | 25% |
| ▪ Assignment 3                       | 40% |

### Faculty

Professor Dennis Frenchman  
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TA's: Victor Eskinazi, [eskinazi@mit.edu](mailto:eskinazi@mit.edu)  
Steve Weikal, [sweikal@mit.edu](mailto:sweikal@mit.edu)

### Room 10-485

You will have a work place in 10-485 for use during the semester. It is your personal responsibility to ensure that no damage occurs to the furniture or equipment provided for use during the semester. No cutting, drawing, gluing, or other work should take place directly on table-tops in the studio. The Department of Architecture provides portable table-tops that are suitable work surfaces; please see the TA's about obtaining these. The seminar room table must not be used for studio work.

Everyone is responsible for security in the space. The rear door will be closed and locked at all times. The front door will be locked and alarmed after 5:00. All students in the class may obtain key card access to the space; a non-refundable key card/lab fee of \$25.00 will be charged.

Studio phone: 253-1392.

**4.254J/11.303J Real Estate Development II**  
**Schedule -- Spring 2008**

WK	DATE	TOPIC/ACTIVITY	ASSIGNMENTS
<b><i>PART ONE: Anatomy of a complex project</i></b>			
<b><i>Value in real estate</i></b>			
1 W	6-Feb	Course Introduction, Overview of semester and projects Introduce assignment 1	<b>Assign 1: A Well Designed Project</b>
2 M	11-Feb	Pin-up: Presentation of projects, form teams	<b>Assign. 1 due (12:30PM)</b>
<b><i>De-engineering a project</i></b>			
W	15 Feb	Overview of Assign. 2 -- Introduce de-engineering cases; Financial value sources	<b>Assign. 2: Real Estate as a complex value system -- select cases</b>
F	16 Feb	Lecture: Complex residential/hotel RE Products (PR) <i>Optional workshop: Design and graphic fundamentals (9-11)</i>	
3 T	19-Feb	Lecture: Complex commercial/mixed use RE products: introduce Prudential (DF) <i>Optional session: financial fundamentals (5-7, SW)</i>	<b>Initial valuation due</b>
W	20-Feb	Field trip: Prudential Ctr/ mixed use projects in Boston	
4 M	25-Feb	Lecture: Design value sources: Entry, Edge Place Scale Form	
W	27-Feb	Lecture: Urban value sources: land and fiscal impacts	
5 M	3-Mar	Studio time: Work with teams	<b>Assign. 2 due</b>
W	5-Mar	Review: Project assessment/repositioning (Invited guests)	
<b><i>Conceiving a project</i></b>			
6 M	10-Mar	Overview case project: Osborn Triangle Redevelopment Guest: The value of mixing markets: Pam McKinney	<b>Assign 3: Osborn Triangle RFP</b>
W	12-Mar	Field trip: Osborn Triangle; surrounding projects	
7 M	17-Mar	Guests: MIT Planning, Investment Manage. Corp., Urban Ring	<b>Assign 3a due: Site+market / innovation interests (form teams)</b>
W	19-Mar	Discussion: Innovation as a development strategy	
F	21-Mar	Pin-up: Site and market investigations; Form teams (9-1)	
8		<b>SPRING BREAK</b>	
<b><i>PART TWO: Mixed-Use Development Proposal</i></b>			
9 M	31-Mar	Development capacity: (DF, PR)	<b>Work programs due</b>
W	2-Apr	Innovation 1: Transit oriented development: Westwood TOD	
10 M	7-Apr	Studio time: Work with teams	
W	9-Apr	Innovation 2: Insitutional partnerships: Penn Connects project	
11 M	14-Apr	Studio time -- Work with teams	<b>Assign 3b due: Alternative scenarios</b>
W	16-Apr	Pin up: Alternative development scenarios	
12 M	21-Apr	Lecture: Financial assessm't of alternatives; Fiscal assessment of alternatives (PR)	
W	23-Apr	Innovation 3: Historic core redevelopment: 1 Franklin/Filenes	
13 M	28-Apr	Guest: Practical design issues of large scale development	<b>Assign 3c due: Financial/fiscal assessment+final programs due</b>
W	30-Apr	Innovation 4: Energy efficient cities: Bedzed	
14 M	5-May	Workshop: Place Brainstorming Charrette	
W	7-May	Innovation 5: Digital city design: Zaragoza,Media City:UK (DF) Lecture: Creating a winning development proposal (PR)	
15 M	12-May	Studio time: Work with teams	<b>Presentation trial run</b> <b>Assign 3 due: Professional Development Proposal</b>
W	15-May	Review: Development proposals (Invited guests)	