

**The 27th Annual Student Research Competition  
Spring/Winter Term 2014**

*“Real Estate Investing in a Low Rate Environment:  
Where Are the Best Risk-Adjusted Returns Going Forward?”*

**REAL399/ 899--Professor Joe Gyourko  
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**Topic:** Research, document, and present an investment analysis of a specific property sector in some geographical market(s), and then describe how you would invest some given amount of money in the sector and market(s). Any sector of the real estate industry is open to analysis, and groups are not restricted to U.S. markets in terms of geography. One binding restriction is that this cannot be a case study of a single property, and it must involve analysis both of a property sector and a geographic market. That is, you cannot focus only on office or only on Manhattan, but you could study office in Manhattan.

More generally, I encourage students this year to begin with a macroeconomic perspective. That seems highly likely to inform your view on where risk and opportunity will be, and that will be critical in deciding what a prudent investment is. For example, it is now apparent that the recovery in the U.S. is here, but a major risk factor is that rates well might rise over a multiyear investment horizon. Do you think this will affect different markets and sectors differently? Why or why not? How might you mitigate this risk?

Further, the research must include two components. The first involves documenting and analyzing the relevant supply and demand fundamentals facing the property sector and geographic region you choose to study. The second part of the project involves a more focused analysis of how and why you would deploy investment capital. This should include a clear documentation and defense of an investment strategy. Students should take the perspective of one of various possible types of investors when doing the analysis. Naturally, you should take into account the implications of recent changes in the capital markets and the broader economy for your proposed strategy and investment proposal. This should include an analysis of whether you would invest now or wait some period of time. The investment horizon should be for no longer than five years. In sum, the goal of this year's competition is to require you to think hard about the fundamentals of some sector and market, given what you believe macroeconomic conditions will be, and then to develop a more narrowly-focused investment thesis.

Various details will have to be determined in discussions with me very early in the Winter term, including funding amounts and strategies for your investment proposal.

**Project Teams:** Teams are limited to three or four people. Four is the maximum. Teams can be self-selected. For those students without a group, there will be help matching with others. See me if you would like to participate, but do not have a team of at least three. **Note:**

**Undergraduates must be juniors or seniors to take this class. I also strongly recommend that you have taken or be registered concurrently in REAL 209/721 to participate in the competition. The only exceptions to that would be first year MBAs with work experience**

**on the investment side of the industry.**

**Grading:** Seventy percent of your grade will be determined by the quality of the research paper describing your analysis of the above two questions. The other 30% of your grade will be determined by the quality of your group presentations at the end of the Spring term. **Please note that you will receive one course unit (c.u.) for the class.**

**Course Meetings & Registration:** The official meeting time for this course is from 12:00 noon-1:20pm on Tuesdays and Thursdays. We will meet the first session to get people organized into groups, but will not do so after that. Because this course actually functions as an independent study (albeit in a group setting), students should note that that time is a placeholder only, and is required for registration purposes. That is, we cannot put a course in the registration system without a regularly scheduled time. Practically speaking, student groups will meet with me at mutually convenient times over the Winter term, so that we will *not* meet regularly as a class at noon on Tuesdays and Thursdays throughout the semester. Thus, if this time conflicts with other courses you wish to take, see me and I will try to help you with registration.

**Prizes:** There are cash prizes awarded to the top three groups as evaluated by a group of industry professionals. The total award amount is \$7,500. Specific awards to individual groups will be determined by a group of industry judges who will officiate at group presentations in the Spring term.

**Deadlines, Group Presentations and Research Papers:** Teams must have an approved project topic, with an initial outline to me by Friday, February 7, 2014. Subsequently, each group must make a 20 minute presentation to me no later than Friday, April 11, 2014. I will use these presentations to pick the three best groups who will then present the following Friday, April 18, 2014, to a three-judge panel of industry professionals. The aforementioned prize money will be awarded by the industry judges. Final drafts of the research papers are due in my office on or before the last day of scheduled classes, which is Wednesday, April 30, 2014.