Real Estate Lab (#34704):
Tenth Annual Booth/Kellogg Real Estate Challenge

**Background:** For a decade now, selected students from the business schools of Chicago and Northwestern universities have competed each spring in a real estate “challenge.” Initially, the students would present the redevelopment proposals for a site owned by the City of Chicago. These sites have included properties located in areas such as: the south loop, “six corners,” Bronzeville and the near West Side – having lent themselves to a variety of proposed residential, retail and office uses/developments. However, as the viability of many private-sector development proposals has waned considerably over the last several years, there has been a conscious effort to move in a different direction, as evidenced by the last three years: The 2008 students analyzed the proposed Olympic Village, as part of the City’s efforts to secure the 2016 Olympiad, the 2009 students evaluated redevelopment plans for Presidential Towers (a 2,346-unit apartment project located in the west loop) and the 2010 students analyzed the risk/return opportunities presented by five different Chicago-area investment opportunities.

Each team – usually six students – utilizes the spring quarter to hone their proposal and their presentation. Resources for these activities include interested faculty members as well as local practitioners familiar with various aspects of the proposed project. The proposals are ultimately evaluated by a panel of five judges – one of whom had typically been a City representative (but, in the last three years’ competitions, a member of the sponsoring organization(s) has acted as the fifth judge).

**Goals/Objectives:** Participating students typically find the experiential nature of the project to be intellectually rewarding as well as quite helpful when interviewing with prospective employers. With this in mind, the goals and objectives of the Real Estate Lab include:

- fostering interest in real estate and real estate-related careers among students at both schools,
- promoting the real estate programs and the student organizations at each school,
- enhancing the awareness and profile of the formal study of real estate,
- enhancing networking opportunities among students interested in real estate, and
- providing an opportunity for students to apply classroom instruction to a practical situation with potential for implementation.
This Year: We have tentatively agreed to ask the students to investigate these possibilities:

- identify the publicly traded (equity-oriented) REIT which would most benefit from being taken private, and/or
- identify any part of the firm’s capital structure which can be bought long or sold short.

The team’s objective will be to present these opportunities to the firm’s investment committee. The judges are expected to consist of practitioners from the world of REITs and private equity. Consequently, these tasks should be viewed as approximately equivalent to the underwriting and due diligence process employed by aggressive, sophisticated real estate investment managers.

Course Specifics: This will be a full-credit class, supervised by Professor Pagliari. The time commitment to a well-considered proposal accompanied by a professional presentation should not be underestimated. Team members will meet weekly with Professor Pagliari (a full evening’s class is scheduled each Tuesday at Gleacher) and, outside of class, students will meet with fellow team members as well as local practitioners. Those part-time students whose schedules permit them to attend all (or nearly all) such meetings (which, most typically, will be held during regular business hours) are also encouraged to apply— as are first- and second-year full-time students. Additionally, each team member must abide by the Booth Honor Code and Challenge Rules at all times during the completion of the Challenge. Lastly, the formal presentations have been tentatively set (subject to the availability of judges and other factors) for Friday, June 3rd. Absent an emergency, you are expected to fully participate in these presentations.

Application Process: If you are interested in participating in this year’s Challenge, please so indicate to Professor Pagliari. Your email note (to joseph.pagliari@chicagobooth.edu) — sent no later than March 8th — should contain as attachments: 1) a resume and 2) a two-paragraph statement as to why you would like to be involved in this year’s Challenge and what you might offer to your teammates in terms of expertise, perspective, contacts, etc. From these applications, Professor Pagliari—in consultation with the Dean’s office—will select the six-member team which is regarded as likely to best represent the School in this year’s Challenge.

Selection Process: All else being equal (which, of course, it almost never is), preference will be given to those students who have taken (are taking) Real Estate Investments I (#33450) and Real Estate Investments II (#33451) as well as those who have been active various Real Estate Club activities.

Previous Presentations: Should you be interested in viewing Booth presentations from 2007-10, please visit Professor Pagliari’s website: faculty.chicagobooth.edu/joseph.pagliari/.