

REAL ESTATE FINANCE



ESADE
Business School

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ESADE Business School

July 6 - July 17

Monday - Friday
(6:00 am – 8:30 am)

***Saturday - July 10**
(8:00 am – 12:00 m)

***Saturday - July 17**
(8:00 am – 11:30 am)

Online

DESCRIPTION

Real Estate is one of the most important business categories as well as a key resource in the economy. Most individual investors hold a very high proportion of their wealth in property. Besides, institutional investors are allocating increasing proportions of their portfolios to this asset class. This course fills a frequent vacuum existing on most business schools in this field.

A brief description of the course contents follow:

Introduction to the Property Business: Real Estate products. Why Real Estate is unlike other investment assets. Demand and Supply determinants. The Real Estate Cycle

Direct Investment in Real Estate: Income Properties and Project Development. Risk-Return characteristics. Terminology. Income statements

Real Estate Valuation: Income statement valuation. Multiples. Replacement cost. Present value. Internal rate of return. Special issues on real estate valuation. Real Estate firm valuation

Real Estate Financing: Fixed Rate versus Adjustable Rate mortgage loans. Loan costs and requirements. The financing decision. Loan comparisons. Refinancing and pre-payment. Leasing vs borrowing. Project financing

OBJECTIVES

The course helps students to gain an understanding of this important and special business and prepares them to join one of the many professional fields in Real Estate with an emphasis in economics and finance, such as economic outlook and investment analysis, portfolio management, financing, consulting, appraisal, Real Estate development, and corporate asset management. Special emphasis will be made in the recent real estate and financial crises.

By the end of the course the participants should be able to analyze, assess and evaluate real estate investment and financing proposals.

METHODOLOGY

Students will count with class slides as well as excel sheets with a number of examples.

Groups of 4 to 5 students will be formed with the purpose of solving the case: "Siljan Properties". The case will be solved throughout the course in four subsequent parts.

EVALUATION

In terms of evaluation, besides the case there will be a series of quizzes and a final exam. The quizzes will be scheduled during the course and will examine the material gradually as it is covered. Their solution will be discussed in class. The final exam will test all the material.

Grade weights will be as follows:

Assignment	Weight
Case	35%
Quizzes	15%
Final Exam	50%

PRE-REQUISITES

Accounting, Corporate Finance and Economics. Also a good knowledge of excel.