

COURSE SYLLABUS PROPOSAL

REAL ESTATE FINANCE

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ESADE (Spain)

June 23 - July 4

Monday - Friday (7:00 am - 10:00 am)

*Saturday (9:00 am - 12:00 m)

ESADE
Business School

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. The course is primarily quantitative (models) and it focuses on valuation and financing of Real Estate investments.

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 an excel workbook with a number of examples. Sample questions, similar to the ones in the Final Exam, will be assigned during the course to be worked out individually. They must not be handed out since they will not be graded. Their solution will be explained in class. 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 several subsequent parts.

EVALUATION

Evaluation will be based on the Case and a Final Exam. The Final Exam will test all the material. Grade weights will be as follows:

Assignment	Weight
Case	40%
Final Exam	60%

Due to Universidad de los Andes policies, the final grading system for all the 2020 International Summer School courses will be Pass/ Fail. Your final grade will be defined in accordance to the accomplishment of the courses learning goals. The individual numerical grades will be the input for the definition of the Pass/ Fail grade and feedback.

PRE-REQUISITES

Accounting, Corporate Finance and Economics. A good knowledge of excel is highly advisable.