

Course Outline 2017

PROPERTY 351: ADVANCED PROPERTY FINANCE AND INVESTMENT (15 POINTS)

Semester 1 (1173)

Course Prescription

An understanding of how to research, analyse and advise on property financing and investment decisions is an essential analytical skill for property professionals. Topics include: asset pricing models, capital structure decision, weighted average cost of capital and adjusted present value, property as an asset class, and financing and investment strategies.

Programme and Course Advice

Prerequisite: 90 points from PROPERTY 211-281

This course is recommended for students who are interested in property finance and investment, valuation and development.

Goals of the Course

This course introduces advanced property finance and investment concepts and analysis. The course helps students apply the advanced concepts and analysis to make property finance and investment decisions in complex real world situations. The focus of the course is on developing students' skill for:

- applying advanced property finance and investment concepts to analyse property companies and trusts effectively;
- critically investigating available financial information relevant to property companies and trusts; and
- making intelligent property finance and investment decisions based on accessible information.

Learning Outcomes

By the end of this course it is expected that the student will be able to:

1. show property related asset allocation skills in being able to construct an optimal property investment portfolio using real world information;
2. display critical thinking in being able to understand international property investments and evaluate the application and the limitation of capital asset pricing model for regional and international property investments;
3. demonstrate critical thinking in being able to justify the distribution of risk and understand the advantages and disadvantages of alternative financing methods for sustainable property investment;
4. display familiarity and understanding of the relationship between the capital structure and the cost of capital for property investment; and
5. exhibit analytical skills in being able to investigate investment value and return to investors who bear different types or levels of risk.

Content Outline

Week 1	Introduction—Property Finance and Investment in a Business and Investment Context / Risk and Return of a Property Investment Portfolio (Part 1)
Week 2	Risk and Return of a Property Investment Portfolio (Part 2)
Week 3	Characteristics of a Property Investment Portfolio and Construction of an Optimal Portfolio (Part 1)
Week 4	Characteristics of a Property Investment Portfolio and Construction of an Optimal Portfolio (Part 2)
Week 5	Property Asset Allocation and International Property Investment (Part 1)
Week 6	Mid-semester Test / Property Asset Allocation and International Property Investment (Part 2)
Week 7	Application of Capital Asset Pricing Model for Regional and International Property Investments
Week 8	Financing Methods of Property Investment and the Distribution of Risk to Investors / Assignment Instruction
Week 9	Capital Structure and Risk of Property Investment / Test Review
Week 10	Capital Structure and the Cost of Capital for Property Investment / Assignment Due
Week 11	Investment Value and Valuation of a Property Investment Portfolio under Different Market Scenarios / Consolidated Case Study (Part 1)
Week 12	Assignment Review / Consolidated Case Study (Part 2) / Course Review

Learning and Teaching

The class will meet for 3 hours each week. Students are required to go through lecture slides, readings and/or case studies in relation to a topic before each class. Students are anticipated to participate in in-class activities. In-class activities include lectures, in-class games, case and example demonstrations and discussions, hands-on practice, test conduction and review, assignment instruction and review. In addition to participating in class, students should spend about another six hours per week on reading the course book and lecture slides, reviewing lecture notes and sample problems, practicing exercise problems, searching and reading relevant market information and news, preparing for the test, assignment and final examination.

With regard to assessment, you are required to:

- complete a 45-minute test
- submit a case study assignment
- participate in required in-class and out-of-class activities
- sit a 2-hour final examination at the end of the semester

Teaching Staff

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Learning Resources

There is no required textbook for this course. Lecture slides and case studies will be posted on Canvas. Required readings will be available in the reading list through Talis, which is accessible through "Reading Lists" on Canvas.

In addition to taking down notes in class, students are recommended to keep up to date with news relevant to property finance and investment by reading the column of property sector in newspapers. Recommended newspapers for New Zealand property finance and investment issues include: *New Zealand Herald* (<http://www.nzherald.co.nz>) and *The National Business Review* (<http://www.nbr.co.nz>). Advanced students who are also interested in global property finance and investment issues are recommended to read articles on *Financial Times* (<http://www.ft.com>).

Students don't have to subscribe to read articles in *The National Business Review*. To read the most updated unsubscribed content, go to the website of *The National Business Review*: <http://www.nbr.co.nz>.

Students can read subscribed content at the following four locations:

- e-Resource through University Library (Database *National Business Review*) for current articles
- e-Resource through University Library (E-journal *Newztext plus*) to search for archived articles
- GENERAL LIBRARY Lending Desk for current unbound issues (658.05 N27)
- GENERAL LIBRARY New Zealand & Pacific Level G for bound issues (658.05 N27)

Besides the above readings, students who are interested to further enhance their understanding of the course materials are recommended to read: Geltner, Miller, Clayton & Eichholtz (2014). *Commercial Real Estate Analysis and Investments*. 3rd ed. Mason, OH, USA: OnCourse Learning.

Students who are interested to know property finance and investment in Australian market are recommended to read: Rowland, P. (2010). *Australian Property Investment and Financing*. Pyrmont, N.S.W: Lawbook Co.

Students who are interested to advance their numerical skills are recommended to read: Brown & Matysiak (2000) *Real Estate Investment: A Capital Market Approach*. Harlow, Essex: Financial Times Prentice-Hall.

Furthermore, students are responsible for logging in Canvas regularly to check announcements and download other lecture materials for this course. Other lecture materials include cases, sample problems, exercise problems, assignment and lecture slides.

Assessment

Test (45 minutes, covering the content of week 1 to week 4)	20%
Assignment (Business report including calculation and discussion, covering the content of weeks 8, 9, and a part of week 10)	20%
In-class Contribution / Online activities	10%
Final Exam (2 hours, covering the entire course)	50%
Total	100%

Further details on these assessments will be provided at our first lecture.

The broad relationship between these assessments and the course learning outcomes is as follows:

Learning Outcome	Test	Assignment	Final Exam
1	X		X
2			X
3		X	X
4		X	X
5			X

(**Note:** The details set out in this outline are subject to change. Any changes will be notified in lectures.)

Inclusive Learning

Students are urged to privately discuss any impairment-related requirements in person and/or in written form with the course convenor/lecturer and/or tutor.

Student Feedback

Current students may be asked to complete formative mid-course evaluations and course and teaching evaluations at the end of the course since previous student feedback has been used to shape and improve the interactive delivery methods of the course content.

IN THE EVENT OF AN UNEXPECTED DISRUPTION

We undertake to maintain the continuity and standard of teaching and learning in all your courses throughout the year. If there are unexpected disruptions the University has contingency plans to ensure that access to your course continues and your assessment is fair, and not compromised. Some adjustments may need to be made in emergencies. In the event of a disruption, the University and your course coordinators will make every effort to provide you with up to date information via Canvas and the university web site.

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CHEATING AND PLAGIARISM

The University of Auckland regards cheating as a serious academic offence.

Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarised from many sources, including books, journal articles, the internet, and other students' assignments. A student's assessed work may be reviewed against electronic source material using computerised detection mechanisms. Upon reasonable request, students may be required to provide an electronic version of their work for computerised review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: www.cite.auckland.ac.nz/

The document *Guidelines: Conduct of Coursework* provides further advice on how to avoid plagiarism. It can be found at: www.business.auckland.ac.nz/conductcoursework

The penalties for plagiarism can be severe, including losing some or all of the marks for the assignment. Major offences can be sent to the University's Discipline Committee, where further penalties can be imposed.

THIRD PARTY ASSISTANCE WITH COURSEWORK

While you are encouraged to improve your coursework writing skills and are permitted to seek assistance from third parties you are advised that there are important limits on the amount and type of assistance that can be given to you in completing your assignments, including group work. Third parties include fellow students, reading groups, friends, parents, SLC tutors, and paid-for professional editing services.

There is a set of guidelines which clearly indicates the type of advice and assistance that can be given. If you are seeking the assistance of any third party you are required to give a copy of the guidelines to the person prior to them helping or assisting you.

You are also required to only seek and accept help using a printed version of your work, not an electronic version. You must keep a copy of this printed version and produce it if required.

A copy of the guidelines is available at:

www.business.auckland.ac.nz/thirdpartyassistance

HELP WITH ACADEMIC REFERENCING

Acknowledgement of sources is an important aspect of academic writing. The University's Referen©ite website www.cite.auckland.ac.nz provides students with a one-stop online resource for academic referencing needs. Referen©ite explains the essentials of referencing and how to avoid plagiarism. It also includes practical tools to help students reference correctly, use references effectively in writing, and gives fast access to some major reference formats with examples.