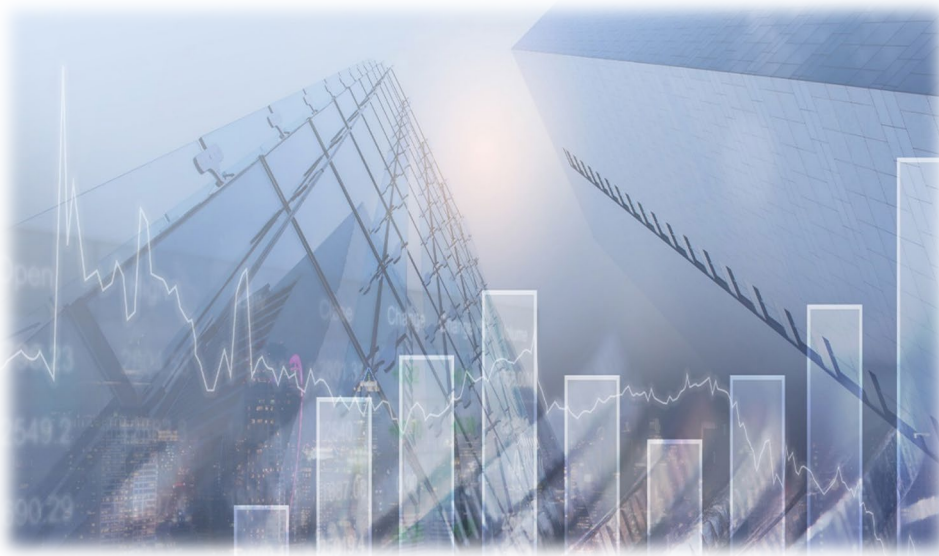




Knowledge Seekers UK

Real Estate Valuation



7th – 11th October 2024

Thistle London Marble Arch

London - UK



Course Overview

This course provides an in-depth overview of real estate valuation methods and concepts. Participants will learn the skills to value different types of real estate using a variety of methods, just like a professional real estate assessor. Finally, the Participants will gain expertise in valuing common real estate types which is essential for anyone working in the real estate sector, both in the Gulf and internationally.

Course Benefits

- Understand the most widely practiced real estate income valuation techniques
- To be able to critically analyze a real estate investment proposal
- Identify the cost of capital for real estate
- Confidently implement discounted cash flow valuation frameworks

Who is right for this Course?

- Financial Managers and Directors in industrial sectors
- Real Estate Investors and Analysts
- Real Estate Developers
- Real Estate Managers
- Planning and development professionals in real estate businesses
- Bankers and Lenders

To derive maximum value from this course, individuals or teams are welcome to attend. When several individuals from a single company attend as a group, they can offer continuing support for each other's real estate valuation after the course ends.

This dynamic course is highly interactive and encourages delegates' participation. The course will include presentation lectures by speakers, panel discussions, practical talks, videos, case studies, and breakout sessions designed to reinforce new skills. The comprehensive course agenda has been designed to be practical, easy to use, and facilitate learning.

Course Outline

Real Estate as An Investment Class

The Widening Scope of Real Estate

- Valuation expands its scope
- The importance of land
- Artificial intelligence, robotics and drones: the new frontier of valuation
- Case Study: The impact of propTech on real estate valuation

Real estate Performance Analysis

- How is real estate measured?
- Identifying what makes a good real estate
- Problems and issues with performance evaluation
- Sources of data Evolution of data measurement
- International comparisons of performance
- Current issues in performance management
- Case Study: Best international practice in real estate performance measurement



Real estate In the Investment Portfolio

- Concept of Modern Portfolio Theory (MPT)
- Measuring variance (Beta and equivalents)
- Constructing a portfolio
- Real estate correlation with other assets
- Best international practice on real estate in a portfolio
- International trends in real estate correlation
- Case Study: The addition of real estate to the GIPS (CFA Institute) valuation guidelines

Commercial Real estate - Assessing Income

- Appraisal of income real estate – red book/blue book guidelines and their international equivalents
- Comparison with corporate finance valuation
- Reporting according to IFRS standards
- Case Study: Impact of International Accounting Standard 17 (leases) on real estate valuation
- Bricks, mortar and the building envelope
- Lifecycle costing
- Tests of financial solvency (static analysis)
- Tests of profitability (dynamic analysis)
- Case Study: Applying the depreciated replacement cost methodology to value specialised (iconic) buildings

Residential Real estate – Assessing Capital Value

- Why buy residential real estate
- Does rental income matter for residential real estate?
- What are the main problems?
- Evidence from pension fund holding in Europe
- Qualitative issues, competition, style and marketing
- Case Study: The buy-to-let market in Dubai

Alternative Valuation Techniques and Highest and Best Use Analysis (HBU)

The Cost Approach

- Type of costs Methods of evaluating costs
- Sources of cost estimation
- Incurable and curable depreciation
- Market extraction method
- Case Study: Impact of International Accounting Standard 17 (leases) on real estate valuation

The Sales Comparison Approach

- Value, worth and price, sources of comparable data
- Identifying points of comparison and difference
- Sales comparison approach example
- Case Study: Applying the depreciated replacement cost methodology to value specialised (iconic) buildings



Highest And Best Use Approach

- Definitions of HBU
- Site value & Improved value
- Calculating HBU
- Case Study: The buy-to-let market in Dubai

Leasing Analysis

- Introduction to leases
- Exercises: Stop calculations, lease valuation and feasibility rents
- Analysing comparables
- Analysing rental prospects
- Exercises: Depreciation, net operating income and yield calculations
- Securing tenants in relation to valuation and finance
- Quality control and finance
- Forecasting and limiting operating costs
- Leases in the Gulf – issues and values

The Cost of Capital, Real Options

Introduction To Cost of Capital Theory

- What is the significance of the cost of capital?
- Differentiation between debt and equity
- Hybrid products
- The pecking order theory of cost of capital

Case Study: Economic Value Added (EVA) as applied to real estate companies

- The role of debt in corporate management
- Dividend pricing model
- The Capital Asset Pricing Model (CAPM)
- CAPM and corporate leverage (equity/asset betas)
- Exercise: Leveraging and de-leveraging equity cost
- Criticisms of CAPM
- Sources of beta and market risk premia
- Uses of CAPM in practice
- CAPM and project (individual real estate) financing

Case Study: Arbitrage pricing theory in project finance structures

- Bank debt as a corporate funding tool
- The concept and application of the mortgage
- Prevailing mortgage rates, terms and conditions
- Funding a real estate company through debt
- Islamic funding instruments and characteristics
- Case study: Mortgage lending criteria for typical banks
- Calculating and using Weighted Average Cost of Capital (WACC)



- Target vs. actual capital structure
- Adjusting capital structure
- WACC information for real estate companies

Introduction To Real Options

- What are real options?
- Do they apply to real estate?
- Methods of calculation (e.g. Black-Scholes)
- Examples in practice

Valuation In Practice

- How is valuation practised by chartered surveyors?
- What are the key elements of the RICS valuation guidelines?
- What is the evidence on valuation practice in the Gulf?
- Is valuation in the Gulf adhering to best international practice?
- What are the differences between countries?

Discounted Cash Flow for Real Estate Investments

Net Operating Income (NOI)

- Gross and net income
- Differences in calculating NOI
- Overall capitalisation rate Capital expenditure issues
- Differences between real estate types
- Approaches to the cap rate
- Case Study: The band of investment approach

Projecting Cash flows

- The dynamic behaviour of the 4-Q model: stability versus oscillations
- Real estate pricing behaviour: backward or forward looking?
- Forecasting markets: univariate analysis, vector auto regressions, structured models
- Forecasting examples
- The definition and evaluation of "risk"
- Case Study: Forecasting techniques

Creating And Using a Detailed Discounted Cash Flow (DCF) Model

- Debt service and pre-tax cash flow
- The sinking fund Lease variations
- Differences between sectors
- Estimating resale value
- Terminal capitalisation rates
- Case Study: ARGUS Valuation DCF™ software
- Exercises: Delegates will use a number of real-world examples to create and use spreadsheets for DCF valuation



Course Details

Course Title	<i>"Real Estate Valuation"</i>
Duration:	5 days
Pre- Schedule:	07 th - 11 th October 2024
Timings:	09:00 am – 05:00 pm
Fees per delegate	£ 4,500 GBP
Course Venue:	Thistle London Marble Arch
Course fees Include:	<ul style="list-style-type: none">• Completion Certificate upon successful attendance & participation• Documentation & handout+ USB Memory + conference kit bag• Refreshment and coffee breaks• Visa assistance if needed• Registration fees & charges• 2 pick up arrangements from and to London airports• Discounted Special Corporate rate for hotel accommodation• Assessment and follow up after course

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