

<b>Department:</b> Business Administration		<b>Program:</b> MBA	
<b>Course Name</b>	Real Estate Finance	<b>Course Code</b>	FIN 641
<b>Pre-requisite</b>	Not Applicable	<b>Credit Hours</b>	3

### Brief Description

- This course will consider investment in both "stabilized" (fully operational) income properties, and development investments. It provides an overview of the real estate development and investment processes, as well as introducing students to various disciplines, professionals, and industry sectors, and how they interact and participate in these processes. Students learn to apply direct capitalization models and discounted cash flow models to estimate real estate values by converting future income expectations into present values. These values are compared to current costs and prices to determine the financial feasibility of proposed projects and existing properties. The concept of highest and best use is also introduced and discussed.

### Course Objectives

After completion of this course the student will be able to:

- Discuss the techniques used for mortgage designs.
- Analyze the risk–return trade-off of mortgage instruments.
- Design a suitable mortgage instrument given a client's special needs.
- Evaluate mortgage alternatives for clients.
- Discuss the operations of the mortgage market.
- Estimate annual and time-weighted Returns on Real Estate Developments and Investments.

### Course Learning Outcomes

- Distinguish between concepts, principles, and theories of Real Estate Finance
- Apply the concepts, principles, and theories in different Real Estate Finance situations
- Demonstrate written communication skills in Real Estate Finance
- Have oral communication skills in Real Estate Finance
- Have skills of using computer applications in Real Estate Finance
- Have scientific research skills in the field of Real Estate Finance
- Have the skills of critical thinking and analysis in the fields of business
- Have the skills in strategic thinking and finding solutions in Real Estate Finance
- Believe, and practice sustainability in Real Estate Finance
- Have the skills of leadership, teamwork, and decision making in Real Estate Finance
- Have the ability to distinguish between ethical issues in Real Estate Finance
- Have the competence of social responsibility in the fields of Real Estate Finance
- Have the competence to deal with cultural diversity in Real Estate Finance situations

## Course Topics

- Real Estate Space and Asset Markets
- Real Estate System
- Central Place Theory and the System of Cities
- Inside the City: Urban Economics
- Real Estate Market Analysis
- Real Estate as an Investment
- Present Value Mathematics for Real Estate
- Measuring Investment Performance: The Concept of Returns
- The Basic Idea: DCF and NPV
- Nuts and Bolts for Real Estate Valuation: Cash Flow Performance and Discount Rates
- Advanced Micro-Level Valuation
- Use of Debt in Real Estate Investment
- After-Tax Investment Analysis & Corporate Real Estate
- Real Estate Investment Capital Structure

## Text Book

- Rose, P. S. and Hudgins, S. C. (2012). *Bank Management & Financial Services*. 9<sup>th</sup> edition. New York, McGraw Hill.

## Additional References

- None

## Online Resources

Bloomberg Terminal.

[https://www.goldmansachs.com/insights/pages/from\\_briefings\\_19-august-2020.html](https://www.goldmansachs.com/insights/pages/from_briefings_19-august-2020.html)

<https://hbr.org/2009/11/what-every-leader-should-know-about-real-estate>

- <https://www.forbes.com/sites/forbesrealestatecouncil/2020/10/02/passive-real-estate-investment-can-be-winwin-with-the-right-syndicator/?sh=3af4ab7548f2>

## Course Outline

Week	Hours	Topics	Remarks
1	3	Real Estate Space and Asset Markets	
2	3	Real Estate System	
3	3	Central Place Theory and the System of Cities	
4	3	Inside the City I: Some Basic Urban Economics	
5	3	Inside the City II: A Closer Look	
6	3	Real Estate Market Analysis	
7	3	Midterm Exam	
8	3	Real Estate as an Investment: Some Background Information	
9	3	Present Value Mathematics for Real Estate	

10	3	Measuring Investment Performance: The Concept of Returns; The Basic Idea: DCF and NPV	
11	3	Nuts and Bolts for Real Estate Valuation: Cash Flow Performance and Discount Rates	
12	3	Advanced Micro-Level Valuation; Use of Debt in Real Estate Investment: The Effect of Leverage	
13	3	After-Tax Investment Analysis & Corporate Real Estate	
14	3	Real Estate Investment Capital Structure	
15	3	Presentations	

Measurement and Assessment Tools														
Assessment Tools	Grades	Week	Knowledge	Skills						Values				
			Identify and apply	Written	Oral	Information Technology	Research	Critical thinking	Strategic thinking	Sustainability	Leadership	Ethics	Corporate Social responsibility	Cultural diversity
Midterm Exam	20	9	X											
Case Study	10	12		X				X	X	X	X	X	X	X
Project	20	15		X		X	X	X	X	X	X	X	X	X
Presentation	10	15			X	X								
Final Exam	40	TBD	X											
Total	100													

Approved by Department Chair	Date of Approval

Additional Information: Updated every Semester by Course Instructor	
Course Instructor	
Department	
Phone No.	
Extension No	
Email	