

Liverpool John Moores University

Title: DEVELOPMENT AND INVESTMENT
Status: Definitive
Code: **6019BEUG** (102799)
Version Start Date: 01-08-2011

Owning School/Faculty: Built Environment
Teaching School/Faculty: Built Environment

Team	Leader
Louise Kirsten	Y

Academic Level: FHEQ6
Credit Value: 24.00
Total Delivered Hours: 75.00
Total Learning Hours: 240
Private Study: 165

Delivery Options

Course typically offered: Standard Year Long

Component	Contact Hours
Lecture	48.000
Seminar	24.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Choice of questions	50.0	3.00
Report	AS2	Assignment 1	25.0	
Essay	AS3	Assignment 2	25.0	

Aims

*To promote an in-depth study of the property development process with particular emphasis on appraisal techniques and methods of funding.
To review the market for investment funds with particular reference to portfolio principles and asset pricing techniques.*

Learning Outcomes

After completing the module the student should be able to:

- 1 Address issues of timing and comprehensively evaluate a wide range of property development opportunities using suitable appraisal techniques to establish land value/financial viability, employing IT-based methods as appropriate and analysing input variables for sensitivity.
- 2 Distinguish between direct and corporate funding arrangements and critically evaluate common sources of development finance.
- 3 Evaluate fixed interest UK Government stock and domestic equities, express return and risk in quantitative terms using means and standard deviations and discuss the concept of investment choice, via utility theory, and the idea of an opportunity set of investments, via modern portfolio theory.
- 4 Locate property within the investment spectrum and evaluate it as an investment medium against competing outlets for investment funds.
- 5 Discuss capital market theory and summarise appraisal techniques relating to the beta statistic/asset-pricing based on diversification/portfolio risk (CAPM).

Learning Outcomes of Assessments

The assessment item list is assessed via the learning outcomes listed:

EXAM	1	2	3	4	5
ASSIGNMENT 1	1				
ASSIGNMENT 2	3	4			

Outline Syllabus

Development: market research & demand assessment: site assembly & acquisition: residual method/residual with projected costs & rents/development yield: net present value method: comparison/applications; net present value (NPV)/net terminal value (NTV)/period-by-period (P-by-P)/internal rate of return (IRR): sensitivity analysis/probability analysis & simulation: ground leases/ground rent calculations: disposal; letting/investment sale/re-financing: essentials of development finance; financial background/direct funding: further aspects of development finance; indirect funding/debt capital & equity capital/modern debt instruments.

Investment: characteristics and evaluation of fixed interest securities and equities: nominal/real rates of return: quantitative measures of return and risk: risk-aversion and utility of wealth concepts: utility functions and indifference curves: diversification and portfolio principles: risk-free rate of return/risk-premium: systematic and non-systematic risk: aspects of risk management: asset pricing based on diversification and the expectation of a fair rate of return for the risk level of the portfolio (CAPM): risk/uncertainty in the property sector: property investors and property investment: income return/capital return/total return in the property sector: IPD/property market returns against competing financial assets (bonds and equities): innovative property investment vehicles.

Learning Activities

Tutor-led lectures, student-led seminars: Interim assessments to evaluate students' knowledge and understanding of underlying principles and ideas: Terminal assessment to test students' abilities in the context of analysis, evaluation and the development of reasoned/logical arguments in relation to both quantitative and qualitative aspects of the subject.

References

Course Material	Book
Author	Ratcliffe, J., Stubbs, M., & Shepherd, M.
Publishing Year	2004
Title	Urban Planning and Real Estate Development
Subtitle	
Edition	
Publisher	E & F N Spon
ISBN	0415272629

Course Material	Book
Author	Baum, A. (Editor)
Publishing Year	2001
Title	Freeman's Guide to Property Finance
Subtitle	
Edition	
Publisher	Freeman PLC
ISBN	0953840476

Course Material	Book
Author	Cadman, D. & Topping, R.
Publishing Year	1996
Title	Property Development
Subtitle	
Edition	
Publisher	E & F N Spon
ISBN	0419202404

Course Material	Book
Author	Isaac, D.
Publishing Year	1996
Title	Property Development: appraisal and finance
Subtitle	
Edition	
Publisher	Macmillan
ISBN	0333646908

Course Material	Book
Author	Sayce, S., Smith, J., Cooper, R. & Venmore-Rowland, P.
Publishing Year	2006
Title	Real Estate Appraisal: from value to worth
Subtitle	
Edition	
Publisher	Blackwell
ISBN	140510001X

Course Material	Book
Author	Lumby, S. & Jones, C.
Publishing Year	2005
Title	Corporate Finance: theory and practice
Subtitle	
Edition	
Publisher	Thomson
ISBN	1861529260

Course Material	Book
Author	Brown, G.R. & Matysiak, G.A.
Publishing Year	2000
Title	Real Estate Investment: a capital market approach
Subtitle	
Edition	
Publisher	Pearson
ISBN	0130200638

Course Material	Book
Author	Hoesli, M. & MacGregor, B.D.
Publishing Year	2000
Title	Property Investment: principles and practice of portfolio management
Subtitle	
Edition	
Publisher	Pearson
ISBN	058231612X

Notes

The module offers a comprehensive investigation of the property development process with particular emphasis on quantitative appraisal techniques and short/long-term direct and indirect funding arrangements. It also provides an extensive study of the complex market for investment funds with particular reference to quantitative measures of risk and return and to the quantitative techniques used in pricing financial assets. Property is located within the investment spectrum and

comparisons made with competing media.