

Liverpool John Moores University

Title: VALUATION THEORY AND INVESTMENT
Status: Definitive
Code: **6527BESG** (120577)
Version Start Date: 01-08-2015

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

Team	Leader
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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	6.000
Tutorial	18.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Report	AS1		50.0	
Exam	AS2		50.0	3.00

Aims

To build on and develop studies in valuation theory and methodology and examine valuation techniques and models as well as test their validity in the context of property investment

To introduce students to the principles of property investment and offer them the

opportunity to identify and analyze relevant property market information and develop skills needed to advise on property investment decisions

To examine the UK taxation system and assess the implications for property investment and management

Learning Outcomes

After completing the module the student should be able to:

- 1 Locate and evaluate property within the investment spectrum against competing outlets for investment funds and express return and risk in quantitative terms using means and standard deviations.
- 2 Discuss capital market theory and summarize appraisal techniques relating to the beta statistic/asset-pricing based on diversification and modern portfolio theory
- 3 Evaluate valuation techniques and assess the inherent factors that influence value
- 4 Apply and manipulate advanced valuation methodology
- 5 Critically assess the application and impact of advanced valuation techniques on property markets
- 6 Explore the impact of the taxation system on the built environment and the consequential effects on property investment and management
- 7 Demonstrate and apply valuation techniques in the context of property taxation

Learning Outcomes of Assessments

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

REPORT	1	2	3	5
EXAMINATION	4	6	7	

Outline Syllabus

1. Property as an investment option

Characteristics and evaluation of property as an investment vehicle

Comparison with other investment options like fixed interest securities and equities

2. Investment appraisal

Review of time value of money

Nominal/real rates of return

Investment appraisal techniques

3. Performance of property investment within a mixed portfolio

Systematic and non-systematic risks

Risk/uncertainty in the property sector

Quantitative measures of return and risk

4. Review of property valuation methods

Consideration of current thinking such as Crosby

Equated yield and rental growth models, short-cut DCFs

Relevance of the dual rate valuation model

Critique of the sinking fund theory

5. Property Taxation

The taxation framework and the built environment

Overview of the valuation methodology for capital taxes (income, capital gains, inheritance tax and SDLT).

Non-domestic rating and the local taxation framework:

Learning Activities

Lectures and seminars/tutorials

Notes

This module develops property valuation theory and methodology to an advanced level. It examines the relevance and application of valuation theory to practice. It enables students to competently apply valuation methods within the context of commercial property investment markets. It also provides investment appraisal and valuation expertise in investment and taxation disciplines with practical application in the working environment.