

Course Outline

Program: MSc in Finance and Banking

Athens University of Economics & Business

Course Title: Real Estate Finance

Instructor: Dr P. Vlamis

Course Description, Aims and Objectives

Real estate is a multi-faceted field, encompassing both an operating industry and a broad category of investments. It has its own institutional features, jargon, and investment structures. The aim of the course is to provide students with an understanding of the analytical techniques used for identifying investment opportunities in real estate markets and to examine different types of real investment strategies available to fund managers. Moreover, to make investment decisions, real estate portfolio managers should understand how the risk/return opportunities can be identified and utilized more effectively. There are three primary goals of this class:

- 1) To provide a broad overview of the real estate field, rather than a narrow focus on any particular topic.
- 2) To expose students to the terms, issues, and topics in commercial real estate;
- 3) To give students the basic skills and intuition you need to begin to evaluate a variety of real estate investments.

The course will cover systematically the key features and the pricing of Private Market Real Estate Investments and Publicly Traded Real Estate Securities. Students are also expected to gain a firm knowledge of the basic tools of portfolio analysis. As such, the course will show students how the use of these tools can be employed to provide insight into a variety of topical issues. The emphasis is on the development of intuitive reasoning and the application of the techniques and models encountered rather than simply rote learning. The course does NOT require any prior knowledge of finance, algebra or statistical theory. The relevant material will be covered throughout the course. Also the presumption in this class is that you have no prior real estate experience, and no pre-existing knowledge of the real estate industry is necessary to do well in this class. However, if you have prior experience in the real estate industry, some topics might be familiar to you already.

Learning Outcomes

The course will hopefully serve as a basis for students' future personal and vocational development. To this end, it is intended to impart knowledge and learning skills which are both subject-specific and generic. Students are expected to develop the following skills: critical analysis, logical argument, problem-solving, communication, numeracy and research.

Course outline

Class 1

The Nature of Real Estate and Real Estate Markets

Residential Market and Commercial real Estate Segments (office, retail, industrial and logistics)

Class 2

The Greek Debt crisis and it's repercussions on the Greek Real Estate Market

Class 3

The Greek Real Estate Market: Prospects and Problems

Class 4

The Effects of Time and Risk on Value

Time value of money: present & future value of an annuity (revision)

Class 5

Value and Real Estate Decisions

Overview of the Valuation of Residential and Commercial Real Estate

- The Income Capitalisation Approach to Valuation
- The Depreciated Replacement Cost Approach to Valuation
- The Sales Comparison Approach to Valuation

Class 6

Private Market Real Estate Investments

- direct investment in real estate

Private Market Real Estate Debt

- pricing of mortgage loans

Class 7

Publicly Traded Real Estate Securities

- Shares of Real Estate Investment Trust-REITs
- Mortgage-Backed Securities

Class 8

Real Estate Fund Management: Real Estate Risk and Return relative to Stocks and Bonds

Portfolio diversification through REITs and by different region and property type

Class 9

Causes and Consequences of the 2007 US Sub-prime Loan Market Crisis

Class 10

Methods of Development and Exploitation of Public Real Estate Assets

- Sale and Leaseback
- Securitization
- Leasing
- Real Estate Investment Trusts
- Public Private Partnerships

Reading list: Textbooks

- Brown, G.R. and Matysiak G.A., (2000), Real Estate Investment: A Capital Market Approach, Financial Times/Prentice Hall (latest edition) (ISBN 0-13-020063-8)
- Brueggeman, W.B. and Fisher J.D., (2005), Real Estate Finance & Investments, McGraw-Hill/Irwin, (latest edition) (ISBN 007-123821-2)
- Corgel, J.B., Smith, H.C. and Ling, D.C., (1998), Real Estate Perspectives, McGraw-Hill/Irwin (latest edition) (ISBN 0-256-15245-4)
- Geltner, D.M. and Miller, N.G., (2001), Commercial Real Estate Analysis & Investments, South Western Thomson Learning (latest edition) (ISBN 0-324-13676-5)

- Ling, D.C. and Archer W.R., (2005), *Real Estate Principles: A Value Approach*, McGraw–Hill/Irwin (latest edition) (ISBN 007-111291-X)
- Brealey R and S. Myers (2006), *Principles of Corporate Finance*, McGraw-Hill International Book Company, (latest edition).

Reading list: Academic Journal Articles

1. N. Chatzitsolis and P. Vlamis (2014), “The Boom and Bust of the Greek Housing Market”, *Real Estate Issues*, Vol. 39, No. 1, pp. 9-17, 2014.
2. Vlamis, “Greek Fiscal Crisis and Repercussions for the Property Market”, forthcoming *Journal of Property Investment and Finance*, Vol. 32, No 1, 2014, Publisher: Emerald, UK.
3. Benos, Karagiannis and Vlamis, “Spatial Effects of the Property Sector Investment on Greek Economic Growth” *Journal of Property Investment and Finance*, Vol. 29, No 3, pp. 233-250, 2011, Publisher: Emerald, UK.
4. Vlamis and Konstandopoulos (2010), “Strategic Management of Real Estate Assets for the Greek Municipalities [in Greek: Στρατηγική Διαχείριση και Αξιοποίηση της Ακίνητης Περιουσίας των Οργανισμών Τοπικής Αυτοδιοίκησης στην Ελλάδα], *International and European Political Economy*, Vol 13, pp. 210-225, Publisher: Papazisis, Greece.
5. Panagopoulos and Vlamis (2009), “Bank Lending, Real Estate Bubbles and Basel II”, *Journal of Real Estate Literature*, Vol. 17, No. 2, pp. 295-310, Publisher: The Journal is the official publication of the American Real Estate Society, USA.
6. Karousos and Vlamis (2008), “The Greek Construction Sector: An Overview of Recent Developments”, *Journal of European Real Estate Research*, Vol. 1, No. 3, pp. 254-266, Publisher: Emerald, UK.
7. Kalfamanoli and Vlamis (2008), “The Greek Real Estate Market for the Interested Foreign Investors: Prospects and Problems”, [in Greek: Η Ελληνική Αγορά Ακινήτων για τους Ενδιαφερόμενους Ξένους Επενδυτές: Προοπτικές και Προβλήματα], *Journal of International Economy and Politics 'Agora Without Frontiers'*, Vol. 13, No. 3, pp. 194-211, Publisher: Institute of International Economic Relations, Greece.
8. Vlamis (2007), “Default Risk of the UK Real Estate Companies: Is there a Macroeconomy Effect?”, *Journal of Economic Asymmetries*, Vol. 4, No. 2, pp. 99-117, Publisher: North Waterloo Academic Press, Canada.
9. Patel and Vlamis (2006), “An Empirical Estimation of Default Risk of the UK Real Estate Companies”, *Journal of Real Estate Finance and Economics*, Vol. 32, No. 1, pp. 21-40, Publisher: Springer, Netherlands
10. John Corgel, William Mcintosh and Steven Ott, *Real Estate Investment Trusts: A Review of the Financial Economics Literature*, *Journal of Real Estate Literature*, vol. 3, 1995, pp. 13-43.
11. Hsuan-Chi Chen, Keng-Yu Ho, Chiuling Lu, and Cheng-Huan Wu, *Real Estate Investment Trusts: An asset allocation perspective*, Special Issue 2005, pp.46-54.
12. Piet M A Eichholtz, How to invest internationally? Region and property type on a global scale, *Real Estate Finance*; Fall 1997; 14, 3, pp.51-56
13. Piet M A Eichholtz, Martin Hoesli, Bryan D. MacGregor and Nanda Nanthakumaran, Real estate portfolio diversification by property type and region, *Journal of Property Finance*, Vol. 6 No. 3, 1995, pp. 39-59.
14. Robert Greer, What is and Asset Class, Anyway? *Journal of Portfolio Management*, vol. 23, no.2, winter 1997, pp. 86-91.
15. S. Lee, Property returns in a Portfolio Context, *Journal of Valuation*, vol. 7, 1989, pp. 248-258.

16. Portfolio diversification through REITS: A Look at the Ibbotson Analysis, National Association of Real Estate Investment Trusts, 2006, USA.

Getting help

Do not think that a question is too “basic” to ask me. I am happy to help students understand any material they are having difficulty with. All I ask is that you take a serious stab at it yourself before turning to me. Contact me: I hold regular office hours and answer questions by email.