### Subject Code
- BRE427

### Level
- 4

### Contact Hours
- Lect: 21
- Sem/Tut: 21

### Student Effort Hours
- 120

### Assessment Method
- Coursework 30%
- Examination 70%

### Credit Value
- 3

### Pre-requisites
- BRE315 and BRE319

### Co-requisites
- Nil

### Exclusions
- Nil

### Subject Leader/Lecturer/Dept.
- K.F. Man (BRE)

### Subject Aim:

*This subject is intended to:*

1. Give to the students an appreciation of the scope of real property investment.
2. Enable them to apply the techniques available to select suitable investment vehicles for different types of investor under different market conditions.
3. Enable the students to apply the techniques in business valuation to solve practical problems.

### Learning Outcomes:

_Students will demonstrate their ability to:_

1. Identify and analyse of the investment environment for real estate in Hong Kong, PRC and Overseas.
2. Recognise the scope of real estate investment in Hong Kong.
3. Use their knowledge to solve practical problems in real estate investment business and business valuation.

### Brief Syllabus Content:

Rationale of property investment: major investors in real property in the public and private sectors; principal types of real property investment and their characteristics; causes for historical property market cycles, present market trends and projections; direct and indirect investment; securitization such as REIT (real estate investment trust) in the property market; property investment in the People’s Republic of China and overseas.

The investment decision: sources and manipulation of information; analysis of direct real property investments; comparative investment analysis; returns on investment; risk and uncertainty. Investment psychology.

Analysis of indirect property investment (business valuation): Open market and notional market; Approaches to value determination: Going Concern approach and Liquidation Value approach; Valuation techniques: asset-based techniques, Income approach and market approach; Market capitalization and discount rates; Goodwill valuation.

*Teaching activities: Lecture (LT)/Tutorial (TU)/Seminar (SM)/Drawing (DW)/Laboratory or Practical (LB)/Studio (ST)/Workshop (WS)/Project (PJ)/Field Study (FS)/Guided Study (GS)/Visit (VS)*
**Learning and Teaching Approach** *(tasks and activities designed to achieve learning outcomes):*

Emphasis is made on the application of the investment principles and techniques developed over the past two years to solve actual problems in property investment. Students’ awareness on the investment market, particularly the real estate investment market, will be enhanced. It will be learnt through case studies, problem-solving exercises, presentation etc. Discussion will be facilitated in small tutorial groups. Lectures, seminars, projects and tutorials will form the basic skeleton for learning the subject.

**Assessment strategy** *(assessment of student performance resulting from learning tasks):*

Examination and coursework will constitute 70% and 30% of the overall mark for the subject respectively. The coursework mark will be based on the assignments and presentations. Both examination and coursework assess learning outcomes 1 to 3.

**Reading List:**

**Recommended:**

- Brown R. Gerald (2000), Real Estate Investment: a capital market approach
- Hersh Sefrin (2000), Beyond Greed and Fear: understanding behavioural finance and the psychology of investing
- Stowe, Robinson, Pinto and McLeavey (2002), Analysis of Equity Investments: Valuation AIMR

**Supplementary:**

- Graham and Dodd (1962), Security Analysis: principles and technique, 4th edition
- Graham (1973), The Intelligent Investor: a book of practical counsel