

<https://courseoutline.auckland.ac.nz/dco/course/PROPERTY/251/1213>



Business and Economics

PROPERTY 251 : Property Finance and Investment (15 POINTS)

2021 Semester One

Course Prescription

Financing represents a fundamental part of how properties are purchased, developed and managed. The application of general theories of property investment, discounted cash flow, risk and return, and financial mathematics is vital for property professionals. Debt and equity financing options are discussed for residential and income-producing property and development projects.

Course Overview

This course introduces students to the fundamental framework of financial principles. By the end of this course, students will be able to use relevant tools and techniques to better understand and evaluate the processes of financing and investing in residential and commercial property. Many of the topics in this course involve the consideration of the Time Value of Money (TVM) concept. TVM will be an important foundation piece and a good grasp of this concept is essential for success in this course. Therefore, it is critical that students spend the first two to three weeks of the course mastering the basics of TVM (compounding, discounting, annuities, etc). What students learn in this course is relevant to other subjects in the degree, especially valuation and development, as it integrates the evaluation of the costs of debt and equity in property investment and enables students to model and analyse cash flows (leveraged and unleveraged) and assess risks and returns. The course is delivered using a blended learning design which combines traditional (classroom) and online methods of course delivery. The online component of the course gives students the flexibility on where and when the knowledge is acquired from the pre-recorded online lectures. While face-to-face teaching is dedicated to the revision of the online material. The revision sessions are interactive and students are encouraged to participate and answer live questions via a student response system.

Course Requirements

Prerequisite: 15 points from ACCTG 101, BUSINESS 114, PROPERTY 102

Capabilities Developed in this Course

- Capability 1: Disciplinary Knowledge and Practice
- Capability 3: Solution Seeking
- Capability 4: Communication and Engagement

Learning Outcomes

By the end of this course, students will be able to:

1. Analyse property investment opportunities using the time value of money concepts (Capability 1)
2. Identify and solve various types of mortgages used in financing of residential properties (Capability 1)
3. Forecast and discount cash flows for decision making in commercial property investment (Capability 1)
4. Differentiate between alternative property investments using risk-return trade off (Capability 3)
5. Organise and evaluate cash flows of a commercial property investment within MS Excel (Capability 3)
6. Communicate results of quantitative investment modelling in a written summary (Capability 4.2)

Assessments

Assessment Type	Percentage	Classification
Quizzes	10%	Individual Coursework
Participation	5%	Individual Coursework
Assignments	15%	Individual Coursework
Tests	30%	Individual Test
Final Exam	40%	Individual Examination
5 types	100%	

Assessment Type	Learning Outcome Addressed					
	1	2	3	4	5	6
Quizzes	✓	✓	✓	✓		
Participation	✓	✓	✓	✓		
Assignments					✓	✓
Tests	✓	✓	✓			
Final Exam	✓	✓	✓	✓		

Workload Expectations

Following University workload guidelines, a standard 15 point course represents approximately 150 hours of study.

During a typical teaching week, you can expect 2 hours of online lectures and a 1-hour review session. In addition, you should spend 2 hours per week studying and completing quizzes. Since the course as a whole

represents approximately 150 hours of study, that leaves a total of 90 hours across the entire semester for independent study, e.g. reading, revision, preparing for tests and exam.

Delivery Mode

Campus Experience

Attendance is expected at scheduled activities including weekly review sessions to receive credit for components of the course.

Lectures and review sessions will be available as recordings.

The course will include live online events including group discussions for students who are unable to participate in-person.

Attendance on campus is required for the tests and exam.

The activities for the course are scheduled as a standard weekly timetable.

Learning Resources

Completion of the computational aspects of this course will be done mostly using the HP 10b+ financial calculator. Students need to bring their calculator to tests and exam. Therefore, HP10b is the required calculator for this course.

Student can access online lectures from Canvas. All lecture slides will be posted on Canvas and will be available in advance of each topic.

Face-to-face review sessions will be recorded and links posted on Canvas. Students will be using Kahoot to submit answers to review questions.

There is no New Zealand-focused property finance and investment textbook. However, many of the concepts covered in this course are universal and textbooks listed below (although not exhaustive) are a useful supplementary resource:

BRUEGGEMAN, W.B. & FISHER, J.D., Real Estate Finance and Investments, McGraw-Hill/Irwin (There are multiple editions of this text, any earlier editions of the book cover the fundamental concepts of this course)

ROWLAND, P.J., Australian Property Investment and Financing (2010), Thomson Reuters (Professional) Australia Ltd (Sydney)

ISAAC, D. & O'LEARY, J., Property Investment (2011), Palgrave Macmillan

Student Feedback

At the end of every semester students will be invited to give feedback on the course and teaching through a tool called SET or Qualtrics. The lecturers and course co-ordinators will consider all feedback and respond with summaries and actions.

Your feedback helps teachers to improve the course and its delivery for future students.

Class Representatives in each class can take feedback to the department and faculty staff-student consultative committees.

Digital Resources

Course materials are made available in a learning and collaboration tool called Canvas which also includes reading lists and lecture recordings (where available).

Please remember that the recording of any class on a personal device requires the permission of the instructor.

Academic Integrity

The University of Auckland will not tolerate cheating, or assisting others to cheat, and views cheating in coursework as a serious academic offence. The work that a student submits for grading must be the student's own work, reflecting their learning. Where work from other sources is used, it must be properly acknowledged and referenced. This requirement also applies to sources on the internet. A student's assessed work may be reviewed against online source material using computerised detection mechanisms.

Inclusive Learning

All students are asked to discuss any impairment related requirements privately, face to face and/or in written form with the course coordinator, lecturer or tutor.

Student Disability Services also provides support for students with a wide range of impairments, both visible and invisible, to succeed and excel at the University. For more information and contact details, please visit the [Student Disability Services' website](http://disability.auckland.ac.nz) <http://disability.auckland.ac.nz>

Special Circumstances

If your ability to complete assessed coursework is affected by illness or other personal circumstances outside of your control, contact a member of teaching staff as soon as possible before the assessment is due.

If your personal circumstances significantly affect your performance, or preparation, for an exam or eligible written test, refer to the University's [aegrotat or compassionate consideration page](https://www.auckland.ac.nz/en/students/academic-information/exams-and-final-results/during-exams/aegrotat-and-compassionate-consideration.html) <https://www.auckland.ac.nz/en/students/academic-information/exams-and-final-results/during-exams/aegrotat-and-compassionate-consideration.html>.

This should be done as soon as possible and no later than seven days after the affected test or exam date.

Additional information on the Department-specific study policies and guidelines is available at this link: <https://www.auckland.ac.nz/en/business/about-business-school/property/study-options/policies-and-guidelines.html>

Learning Continuity

In the event of an unexpected disruption we undertake to maintain the continuity and standard of teaching and learning in all your courses throughout the year. If there are unexpected disruptions the University has contingency plans to ensure that access to your course continues and your assessment is fair, and not compromised. Some adjustments may need to be made in emergencies. You will be kept fully informed by your course co-ordinator, and if disruption occurs you should refer to the University Website for information about how to proceed.

Student Charter and Responsibilities

The Student Charter assumes and acknowledges that students are active participants in the learning process and that they have responsibilities to the institution and the international community of scholars. The University expects that students will act at all times in a way that demonstrates respect for the rights of other students and staff so that the learning environment is both safe and productive. For further information visit [Student Charter](https://www.auckland.ac.nz/en/students/forms-policies-and-guidelines/student-policies-and-guidelines/student-charter.html) <https://www.auckland.ac.nz/en/students/forms-policies-and-guidelines/student-policies-and-guidelines/student-charter.html>.

Disclaimer

Elements of this outline may be subject to change. The latest information about the course will be available for enrolled students in Canvas.

In this course you may be asked to submit your coursework assessments digitally. The University reserves the right to conduct scheduled tests and examinations for this course online or through the use of computers or other electronic devices. Where tests or examinations are conducted online remote invigilation arrangements may be used. The final decision on the completion mode for a test or examination, and remote invigilation arrangements where applicable, will be advised to students at least 10 days prior to the scheduled date of the assessment, or in the case of an examination when the examination timetable is published.