

COURSE OUTLINE

Department & Faculty: Dept. of Built Environment Centre For Diploma Studies SPACE	Page : 1 of 5
Course Code : Real Estate Investment Valuation (DDPF 2433) Total Contact Hours : 56 hours Pre-requisite : Valuation Methodology (DDPF 1423) and Valuation Mathematics (DDPF1212)	Semester: II Academic Session: 2012/2013

Lecturer :
Room No. :
Telephone No. :
E-mail :
Synopsis : This course introduces students to theories and practices in property investment area. It will emphasize on the general concepts of investment, the usage of investment method in determining the capital value or rental of freehold or leasehold properties, rental elements, rates of returns and analyzing the investment alternatives. Students shall also be exposed to the cash flow techniques in property investment. Students shall also be introduced to REITS as an alternative in property investment. At the end of the course, students should also be able to demonstrate and apply the knowledge by producing a standard valuation report using the investment method and also able to analyze the return of investments within a given portfolio. Through assignments and project works, students are led to develop skills to communicate effectively, to lead and cooperate as team members, be highly motivated, disciplined and ethical.



LEARNING OUTCOMES

By the end of the course, students should be able to:

No.	Course Learning Outcome	Programme Learning Outcome(s) Addressed	Taxonomy/ KI Levels	Assessment Methods
1.	<ul style="list-style-type: none"> • Acquire knowledge of property valuation and investment, rate of return for property investment and different types of investment. • Differentiate between the usage of amount per annum, premium decision, concept and usage of annuity value. • Able to adopt and use the Parry's 	PO1	C1-C3	Test, Final and Assignment

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	Valuation Table valuation and property investment calculation, in order to support the decision making for property investment.				
4.	Calculate and evaluate gross income, net income, IRR etc.	PO3	P1-P3 CTPS1-CTPS3	Project, Tests and Final Examination	
5.	Practise moral values, ethics and professionalism towards oneself and one's work	PO8	A1-A3 EM1-EM2	Project	

STUDENT LEARNING TIME

No	Teaching and Learning Activities	Student Learning Time (hours)
A	Face to face learning 1. Lecture / 2. Tutorial 3. SCL activities	30 14 12
B	Self Directed Learning 1. Non face to face 2. Revision 3. Preparation for formal assessment	41.5 10 7.5
C	Formal Assessment 1. Test 2. Final Examination	2.5 2.5
	Total	120

TEACHING METHODOLOGY

Lecture and Discussion, Co-operative Learning, Independent Study, Group Assignment

WEEKLY SCHEDULE

Week 1 : 1. INTRODUCTION OF PROPERTY INVESTMENT

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- 1.1 Types of necessity in property
- 1.2 Criteria of the property
- 1.3 Factors that influence value

Week 2 : 1. INTRODUCTION OF PROPERTY INVESTMENT

- 1.4 Return from property investment
- 1.5 Other types of investment - REITS

Project Submit on week 12

Week 3 : 2. DETERMINATION OF RENT

- 2.1 Principles of rent decision
- 2.2 Rent characteristic
- 2.3 Outgoings and expenditures and building vacancy

Weeks 4 : 2. DETERMINATION OF RENT

- 2.4 Net and gross rent
- 2.5 Rent analysis and building measurement calculation

Weeks 5 : 3. RATE OF RETURN (IN PERPETUITY)

- 3.1 Formula's and calculation
- 3.2 Factors influence the rate of return
- 3.3 How to use Parry's Table Book

Weeks 6 4. INTRODUCTION OF YEAR'S PURCHASE (DUAL RATE)

- 4.1 Year's Purchase (dual rate)
- 4.2 Annual Sinking Fund
- 4.3 Usage and tax impact towards annual sinking fund.

Test 1 Topic 1,2,3,4

Weeks 7 5. VALUATION PRINCIPLES USING RENT INFORMATION

- 5.1 Investment principles and calculation;



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<p style="text-align: center;">Formula; $CV = NI \times YP$</p> <p style="text-align: center;">Submit week 13</p> <p>Weeks 8 : MID TERM BREAK</p> <p>Weeks 9 : 6. USAGE OF THE ANNUITY VALUE 6.1 Formula's introduction and the usage of formula's.</p> <p>Week 10 : 7. CONCEPT OF EXTENSIONS AND RENEWAL OF LEASES 7.1 Concept of Extensions 7.2 Renewal of leases application</p> <p>Weeks 11 : 8. PREMIUM DECISION 8.1 The concept 8.2 Condition of the premium usage 8.3 Principles of premium calculation</p> <p>Weeks 12 : 9. CONCEPT OF JOINT VALUATION 9.1 Concept definition 9.2 The usage 9.3 Principle of calculation</p> <p>Weeks 13 : 10. INTRODUCTION TO DISCOUNTED CASH FLOW 10.1 The concept of Discounted Cash Flow (DCF) 10.2 Net Present Value (NPV)</p> <p>Weeks 14 : 10. INTRODUCTION TO DISCOUNTED CASH FLOW 10.3 Internal Rate of Return (IRR) - calculation and usage</p> <p style="padding-left: 40px;">Test 2 Topic 5,6,7,8, 9</p> <p>Weeks 15 : 11. PROPERTY VALUATION FOR VARIOUS PURPOSE</p> <ul style="list-style-type: none"> - Buy - Sell - Mortgage - Auction 	

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- Privatization

REFERENCES :

Main Reference:

1. The Board of Valuers, Appraisers and Estate Agents, Malaysia, *Manual of Valuation Standards*.
2. Baum, Andrew and Cosby, Neil, (2008) "Property Investment Appraisal", Blackwell Publishing.
3. Baum, Andrew, (2009), "Commercial Real Estate Investment. A Strategic Approach" Second Edition, Estates Gazette, London.
4. Wyatt, Peter (2007), *Property valuation : in an economic context*, NY: John Wiley and sons.

Other references

1. Martin J Gruber, Stephen J Brown, William N Goetzmann, *Modern Portfolio and Investment Analysis, Seventh Edition*, 2006.



GRADING

No.	Assessment	Number	Each Assessment %	Overall %	Dates
1	Project	1	20 C1-C3 CTPS1-CTPS3 EM1-EM2	20	Weeks 2-12
2	Test 1	1	10 C1-C3	10	Week 7
3	Test 2	1	10 C1-C3	10	Week 14
4	Final Exam	1	60	60	
5			Total	100	