

The Art & Science of Real Estate

Part 1: Real Estate Markets & Valuation

- General Concepts & Theory
- Valuation
 - Factors that contribute to value (DUST-E)
 - Types of Value
 - Use Value
 - Investment Value
 - Gong Concern Value
 - Assessed Value
 - Insurable Value
 - Fair Value
 - Characteristics of Real Estate
 - Heterogeneous Product
 - Immobile
 - Inefficient Market
 - Localized & Segmented Market
 - Dynamics of Real Estate (4 Basic Forces):
 - Governmental
 - Economic
 - Social
 - Geographical / Environmental
 - Business Cycles
 - Spectrum of Risk
 - Stages of Real Estate Cycle
 - Neighborhood Life Cycle / Recognizing the end of a Cycle
 - Market Conditions
 - Valuation Methods
 - Highest & Best Use

- Sales Comparison Approach
- Cost Basis Approach
- DCF

Part 2: Pro Forma Income Statements

- Potential Gross Income (PGI)
- Vacancy & Collection Loss
- Operating Expenses
- Operating Expense Ratio
- Effective Gross Income (EGI)
- Replacement Reserves
- **Net Operating Income (NOI)**
- Annual Debt Service
- Capital Expenditures
- **Cap Rate**
- Quick Intro to Leases
- Measuring Rentable & Usable Space (BOMA Standards)

Part 3: The Effects of Time & Risk on Value

- Time Value of Money
- Value & Risk
- Determining Required Returns
- Comparing Investment Values to Cost
- Internal Rate of Return (IRR)
- Risk in Real Estate
 - Business Risk
 - Financial Risk
 - Liquidity Risk
 - Management Risk
 - Interest Rate Risk
 - Legislative Risk
 - Environmental Risk
- Due Diligence
- Case Study 1

Part 4: Direct Capitalization for Valuation

- Income Capitalization Approach to Value
 - Direct Capitalization
 - Yield Capitalization
 - How does DCF differ from Direct Capitalization
 - Estimating NOI
 - Case Study 2

Part 5: Debt & Equity Financing

- WACC
- Types of Capital & how they're priced.
- Risk Spectrum Approach
- Securitization
- REITs
- CMBS
- Overview of Real Estate Loans
- Private Equity
-

Part 6: Quick Overview of 2008 Credit Crisis.

Part 7: The Lebanese Real Estate Market:

- What happened?
- Linking theory to practice
- Forecast