

COURSE SYLLABUS
Capital Markets: REIT Analysis & Investment
Fall 2016
PLAN 6259
3.0 CREDITS

Thursdays, 4pm-6pm, 113 Avery

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I. COURSE DESCRIPTION

This course covers US public REIT analysis, valuation and stock selection. We will use private and public market investment skills to consider, compare, analyze, select and build a portfolio of publicly traded US REITs. International (non US) REIT Analysis will be covered in a separate class.

The class starts with the relevance of REITs in a diversified investment portfolio for Institutional, HNW, and individual investors. Essentially “Why Invest in REITs?”

We then review the history and regulatory framework that allowed the REITs to grow to the Sector it is today.

We then review the underlying valuation methodologies used in REIT analysis including a review of income statements and balance sheets, earnings and FFO/AFFO, return on assets and equity, enterprise and equity valuation using multiples and Net Asset Value “NAV”. A basic understanding of financial accounting is essential to reading the financial statements. If you need additional help in this area, please contact the Professor.

The various property types will be evaluated and compared in terms of economic cycles, revenue structure, lease structure, risk profile and valuation.

Students will be required to perform financial analyses and provide fully formed investment summaries on particular REITs which will include the analysis of the property portfolio (asset quality and markets), business model, growth prospects, financial overview, investment risks, valuation & price targets (using the various valuation methodologies) and total return

expectations.

The latter classes will cover Portfolio Management including benchmarks, stock selection, weightings, performance measurement and a comparative analysis of REIT Mutual Funds available in the market.

Professional REIT analysts/investors will visit the class over the semester to share insights and expertise, and answer questions.

II. COURSE REQUIREMENTS AND ASSIGNMENTS

Students will be expected to complete the readings and to analyze specific data and information on select REITs in order to prepare for group discussion.

The mid-term will consist of multiple choice questions. The final exam will cover all the material learned during the semester – the format of which is will be determined later.

III. COURSE GRADING CRITERIA

Course grading allocations are:

1. Completion of readings and company specific assignments: 30%
2. Attendance and in-class participation: 20%
3. Mid-term: 25%
4. Final exam: 25%

IV. READINGS & TECHNOLOGY

Textbooks: There are two Textbooks listed. They are good background – use them for reference only.

Non Textbook Reading: The CFA Level II Reading is required. It is more specific, technical and dense.

Weekly Topical News: Various news on the sector will be assigned. I will request 2-3 students to read and discuss the articles at the start of each class.

Company Materials: The specific materials for each REIT will be imperative and insightful to the analysis. Most will be placed on Courseworks, and the balance is available on SNL and company investor relations websites.

All readings will be posted on *Courseworks*.

Technology:

The SNL REIT analysis tools are available and will be helpful to speed up the analysis of the companies.

NAREIT has an app called “REIT Investor” that I suggest you download from the app store. It provides easy access to REIT stocks prices, REIT index prices, Data on each company and news.

Courseworks has a new Tab called Pizza. It allows students to post questions regarding the class. I believe this could be a good tool and we should think about ways to utilize this in the class.

Textbook 1: Investing in REITs 4th Edition, Ralph L. Bock

Textbook 2: CFA Institute Industry Guides: The REIT Industry, Irfan Younus

Non Textbook Reading: CFA Level II - Reading 39, Publicly Traded Real Estate Securities

Sell Side REIT Research – Various

NAREIT Articles - Various

Company Websites - Financials, SEC documents and Company Presentations

Financial & Economic News – WSJ, NYT, FT, Bloomberg, etc.

Technology – SNL & NAREIT REIT Investor App

V. COURSE OUTLINE (subject to updates)

Date	Covering	Text 1 Chapter	Text 2 Pages	CFA II Section
9/6 9 am in 113 Avery	Overview: Why Invest In REITs	1-6	1-20	1-3
9/15	Analysis & Valuation Metrics	7-9, B-C	29-51	4-7
9/22	Sector Analysis – Residential	10, D		8.0-9.0, Extra
9/29	Sector Analysis – Retail	13		Extra
10/6	Sector Analysis – Industrial			
10/13	Mid-term Exam			
10/20	Sector Analysis – Office			

11/3	Sector Analysis – Storage, Data Centers, Cell Towers			
11/10	Sector Analysis – Health Care & NNN			
11/17	Sector Analysis – Complex RE Entities (TBD)			
12/1	Portfolio Analysis			
12/8	Final Exam			
TBD	Catch-up / Analyst Visits			

Please note the first class will be held on Tuesday September 6. All other classes are on Thursday.