REAL ESTATE FINANCE

MODULE LEADER

Prof. Prashant Das serves as an assistant professor of real estate finance at Ecole hôteliere de Lausanne. He served on engineering and managerial roles with several multinationals. He has earned four international best research paper awards and a teaching excellence award. Having published 9 peer-reviewed scientific papers and a book, he has taught graduate and undergraduate level courses in three continents. He has been covered by electronic and print media and often writes op-eds and articles for popular press. In his free time he likes to paint with oil on canvas, and sculpt in wood and clay.

RECOMMENDED READINGS

- Geltner, D.; Miller, N.; Clayton, J. & Eichholtz, P. (2013). Commercial Real Estate: Analysis & Investments. OnCourse Learning.
- Rushmore, S., O'Neill, J.W. & Rushmore, S. (2012). Hotel Market Analysis and Valuation. Appraisal Institute.
- Diaz III, Julian, and J. Andrew Hansz. (2010). Real Estate Analysis: Environments and Activities. Kendall Hunt Publishing.

MODULE DESCRIPTION

Each hotel is a real estate asset. Real estate is the most dominant component of hotel value. Real estate considerations are obviously paramount in the ownership side of hotel business. Besides, recent trends in the industry suggest that investors now expect even the operational leaders (such as general managers) to understand the real estate aspects of the business.

This modules provides a strategic overview of hotel investments from three standpoints: (1) hotel valuation techniques (2) hotel investment analysis and (3) behavioural aspects of investment decisions. Starting from fundamentals of real estate markets, the module quickly moves on to thought-provoking aspects of the descriptive and normative phenomena in hotel investment business. Finally, the participants are sensitized to typical behavioural biases, heuristics and framing effects, mastering which will lead to superior managerial decisions.

LEARNING OBJECTIVES

By the end of the Module, participants will be able to:

Knowledge
- Describe unique aspects of real estate markets
- Define the structure of the commercial real estate markets
- Explain the structure of the hospitality business

Competencies

- Critique hotel valuation techniques:
  - DCF, cost & market approaches to valuation
  - Hedonic approach to valuation
- Conduct basic investment analysis:
  - Unleveraged IRR
  - Leveraged IRR

Mindset

- Build awareness about common behavioural errors that managers are prone to

METHODOLOGY

This interactive module heavily depends on active involvement of participants. Debates, exercises, mini case studies, experiments and traditional lecturing are mixed to create a fun environment to explore some critical aspects of investment decisions.

PARTICIPANTS

Participants are expected to have some basic understanding of arithmetic principles such as compound interest and weighted average. Acquaintance to Microsoft Excel is desired. Basic understanding of probability and statistics (e.g. average, standard deviation) is a plus, but not required.

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