Analysing, understanding, and investing in quoted property companies and REITs

Virtual Learning: Duration 3 Hours,
Course Price: £375
7.4.21 (9:00-12:00)

Course Overview

In the UK, the listed property sector normally represents less than 2% of the total market and that is one reason why many investors do not allocate too many resources to identify opportunities in that part of the market. The other main reason is that the valuations of stocks in the sector are normally based on asset values rather than, as in common in equities, earnings or turnover measures. Yet, listed real estate is one of the 'four quadrants' of the real estate asset class and it provides a bridge between the direct real estate market and equities. For those investors that require some diversification in their portfolio and/or the ability to outperform, it can represent an opportunity that is frequently neglected by direct property investors and many equity investors.

This focussed training course is designed to provide an understanding of the pricing and performance prospects of property companies and REITs.

Who Should Attend

- Graduates joining property teams in stock brokers or investment banks

- Accountants/auditors who need to understand property company clients
- Private investors, including family offices and high net worth individuals
- Family offices who are investing in property
- General equity investors within institutions and pension funds

Agenda

1. The difference – and similarities – between REITs and property companies
2. The pricing of property companies and REITs
   a. How company earnings are calculated
   b. How asset values are calculated
      i. Why there is are persistent discounts to net asset values (NAVs)
   c. The most appropriate methodology

3. The direct market valuation methodology
    a.   Rents and rental values
    b.   Capital valuations – comparative and DCF
        i. Strengths, weaknesses and dangers
        ii. Standing investments and valuations
    c.   Capitalisation yields – initial, reversionary, etc.
        i. Cyclicality and mean reversion

4. Market sectors and the performance differences
    a.   Offices (mainstream and serviced)
    b.   Retail (high street, shopping centres, retail warehouses)
    c.   Industrial (light industrial and logistics)
    d.   Other (hotels, student housing, etc.)

5. Different types of REITS and property companies
    a.   Generalist vs specialist REITs
    b.   Large vs small capitalisations

6. Using direct market data
    a.   Sources and availability
    b.   Interpretation

7. Concluding and summarising
    a.   Current pricing and NAV discounts
    b.   What to expect in the short and medium term

Learning Outcomes

At the end of the course, the participants can expect to have gained a compressive understanding as to how to value REITs and property companies and what to expect from them in pterms of performance.

Trainer Profile

Alan Patterson MSc FRICS IMC

Alan runs his own investment consultancy business, providing research and advising clients on real estate strategies, believing that understanding macro trends and secular change is as important as stock selection and asset management.

He has worked at CBRE as a fund manager, then in its financial services team and latterly as the Head of Investment Research. He later gained experience of the equities markets as a director at Panmure Gordon and HSBC Investment Bank, before joining UBS Asset Management where he combined being Head of Fund of Funds, head of UK real estate research, and equities management. He subsequently joined AXA Investment Managers, where he became Global Head of Research and Strategy in the Real Assets group. He was most recently the Managing Director and Head of Research and Strategy at Gingko Tree, the European real estate subsidiary of the People's Bank of China.

He is a Fellow of the Royal Institution of Chartered Surveyors and holds a Master's degree in Property Development (Project Management).