

SMU REAL ESTATE TRACK

LKC School of Business

School of Economics



SMU

SINGAPORE MANAGEMENT
UNIVERSITY

11 October 2022



SONG Changcheng

**Associate Professor of
Finance, LKCSB**

Instructor for:

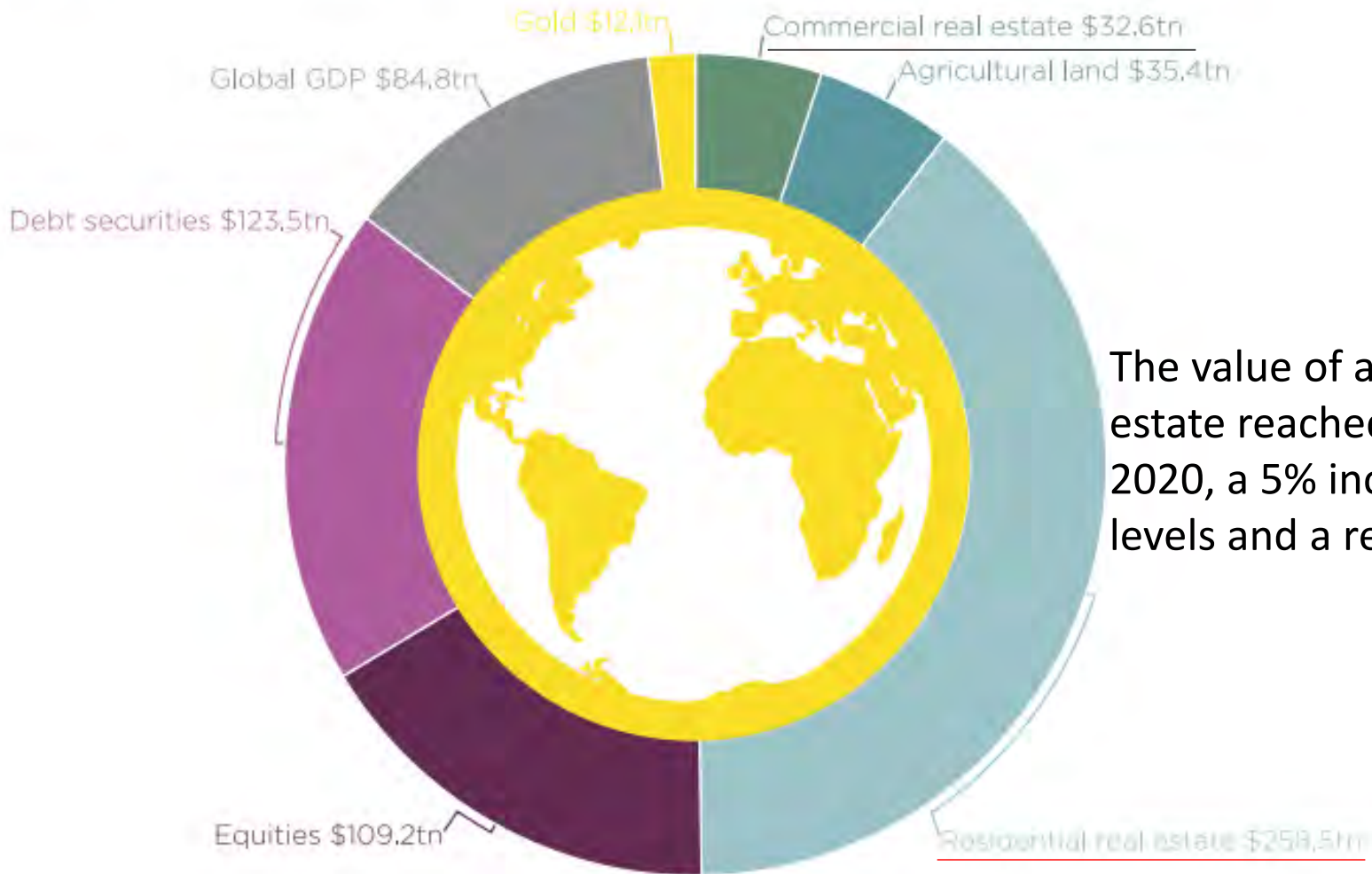
- **Real Estate Investments
& Finance (FNCE231)**



Why Real Estate?

SIZE OF COMMON RE ASSET CATEGORIES

2020 Global real estate universe in comparison



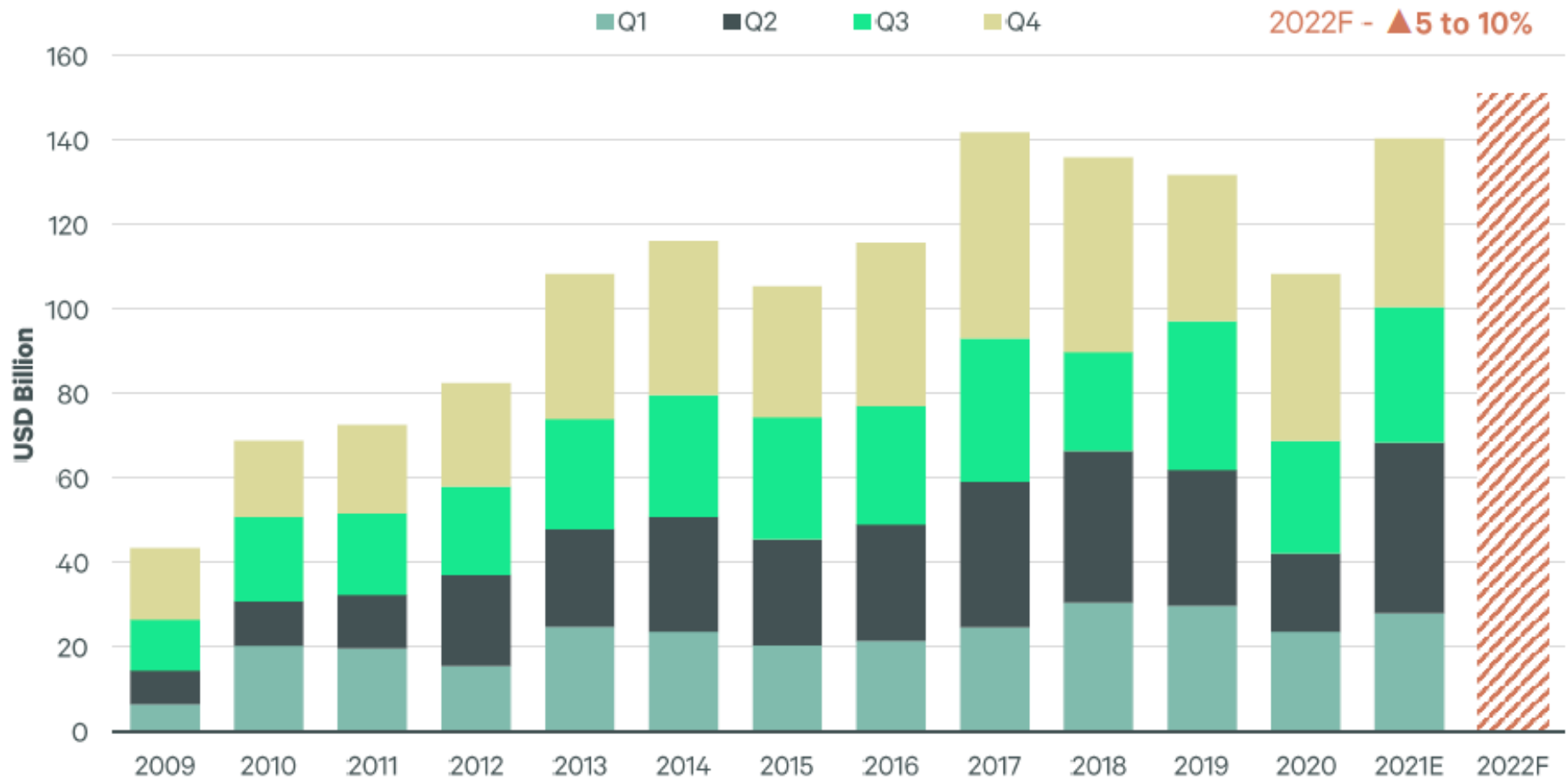
The value of all the world's real estate reached \$326.5 trillion in 2020, a 5% increase on 2019 levels and a record high.

Source: Savills Research

<https://www.savills.com/impacts/market-trends/the-total-value-of-global-real-estate.html>

Real estate investments in APAC have been growing well over the years

Figure 15: Asia Pacific Regional Investment Volume

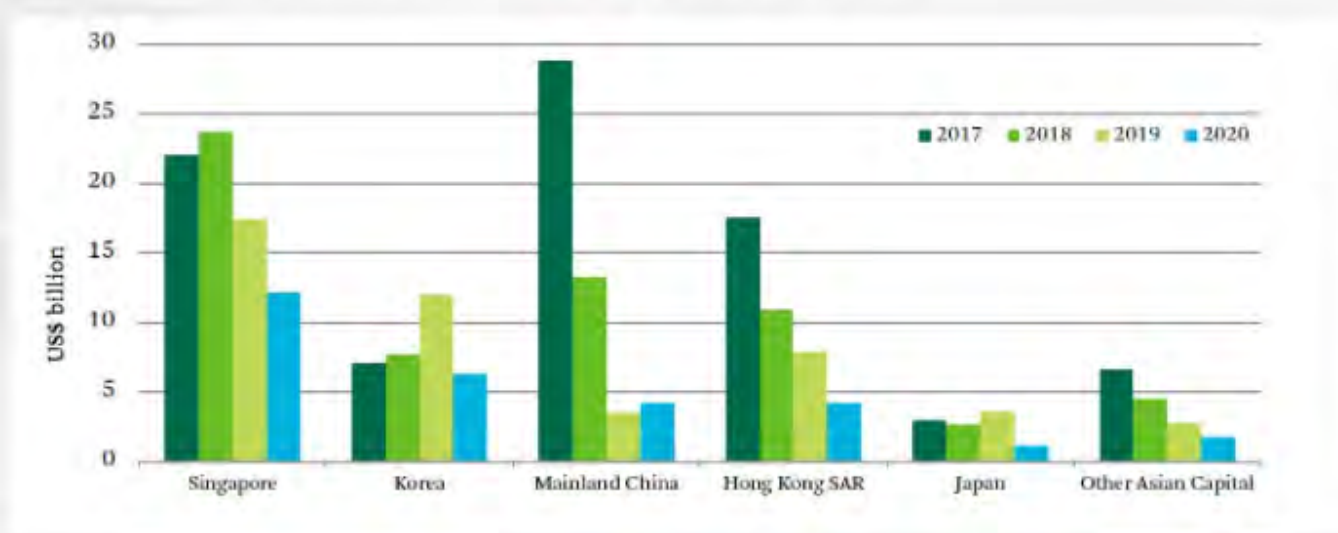


SINGAPORE NEEDS MORE REAL ESTATE PROFESSIONALS FOR INVESTMENTS AND FINANCE

Singapore Retains Top Position as the Most Active Source of Asian Outbound Capital for Real Estate in 2020

Singapore, 25 February 2021 – According to new data published by CBRE, Singapore topped Asian outbound real estate investment for the third consecutive year, accounting for US\$12.1 billion worth of deals in 2020 – albeit reflecting an approximate 31% y-o-y decline from US\$17 billion registered in 2019.

Figure 1: Asian Outbound Investment by Source of Capital



Note: Transactions include deals in the Office, Retail, Mixed, Industrial, Hotel, Residential and Other commercial sectors. Development sites are excluded.

Source: RCA, CBRE Research, February 2021.

Singapore is one of Asia's largest REIT & Property Trusts markets



No. of trusts	Market Cap	Avg. Div Yield	Avg. P/B	1 yr SDAV
43	S\$117B	6.3%	0.91x	S\$286m

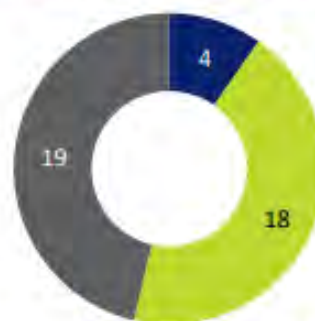
- Singapore has **43 REITs & Property Trusts** with a combined market capitalisation of **S\$117B**, representing **c.13%** of Singapore's overall listed stocks
- SREITs have a regulated **gearing ratio limit of 50%**
- The REITs & Property Trusts **offer wide diversity** across property sub-segments (*chart on the right*)
- REIT Indices:
 - **FTSE ST REIT Index**: 35 out of the 43 trusts represented
 - **iEdge S-REIT Index**: 37 out of the 43 trusts represented

Key Statistics At a Glance

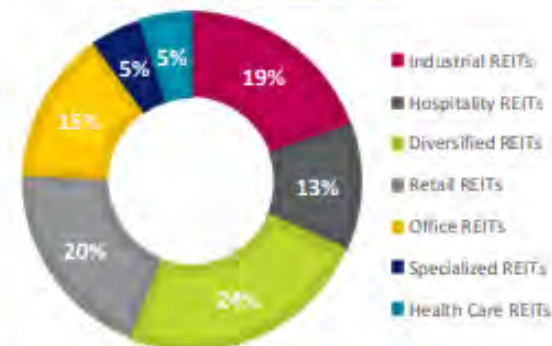
- Average dividend yield of 6.3%
- FTSE ST REIT Index 10-year total return of 106.4%
- Average gearing ratio of 36.8%*
- 10 year market cap CAGR of 13%

*Based on latest quarter filings
 Source: Bloomberg, SGX, data as of 31 August 2022.
 For more about REITs, [read more](#).

OVER 90% (37) OF SINGAPORE REITS & PROPERTY TRUSTS HOLD OVERSEAS ASSETS



TRUSTS HAVE DIVERSIFIED PROPERTY SUB-SEGMENTS (% BY TRUST COUNT)



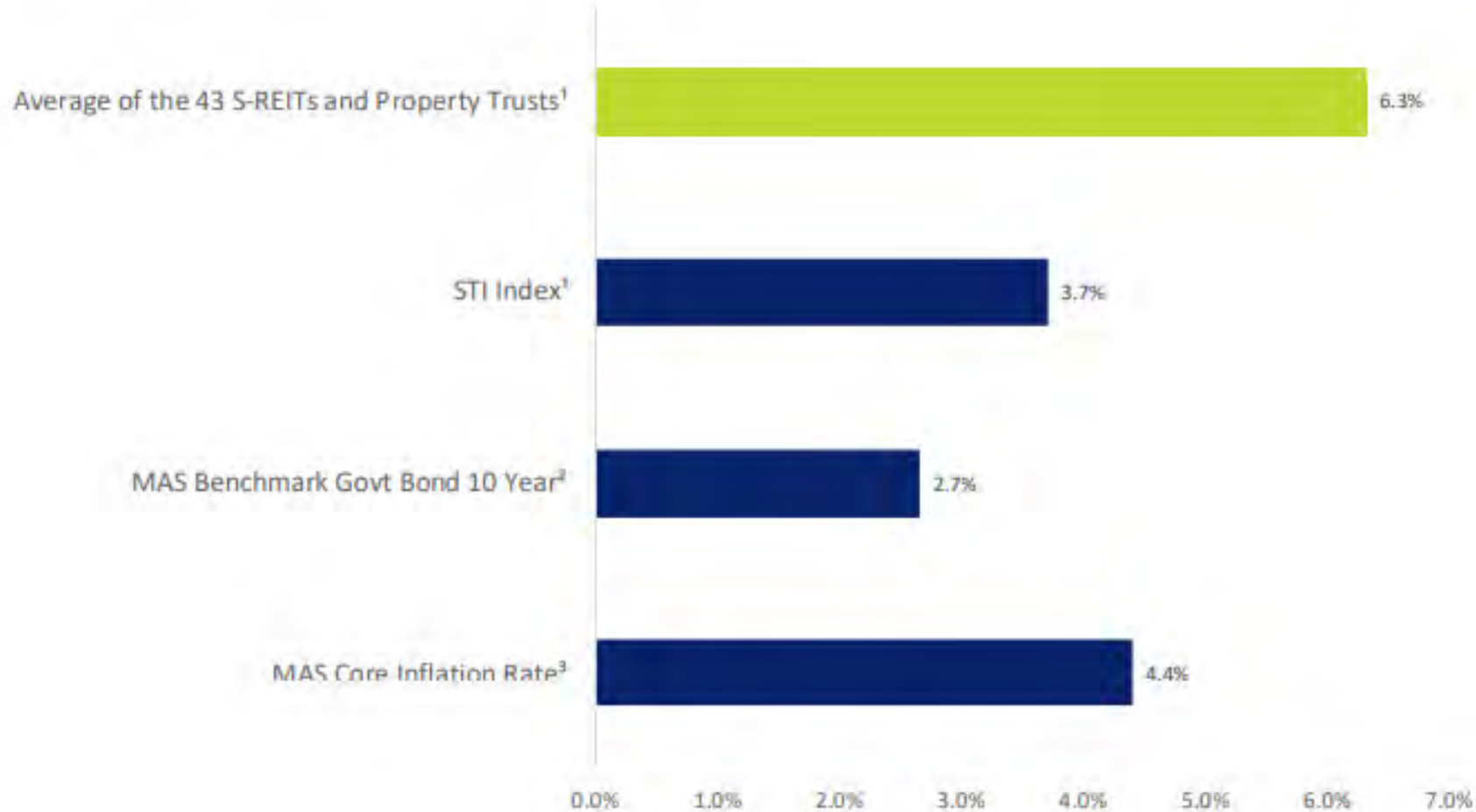
■ Singapore ■ Overseas ■ Singapore & Overseas

Trusts that have Pan Asian Exposure (based on asset portfolio)

Refer to page 18, for trusts with exposure to non-Asian markets.



SREITS & Property Trusts have Highest Yields vs Other Asset Classes



¹Based on 12M Average Dividend Yield

²Based on 10 Year Yield

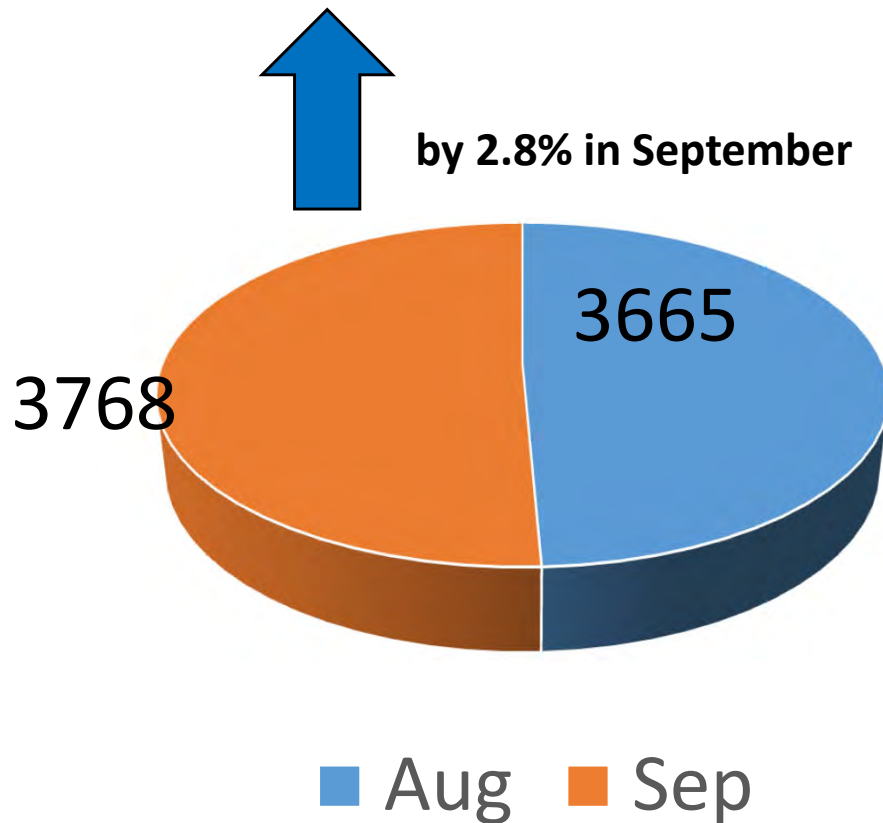
³MAS Core Inflation based on July 2022 statistics

Source: Bloomberg, SGX, data as of 31 July 2022

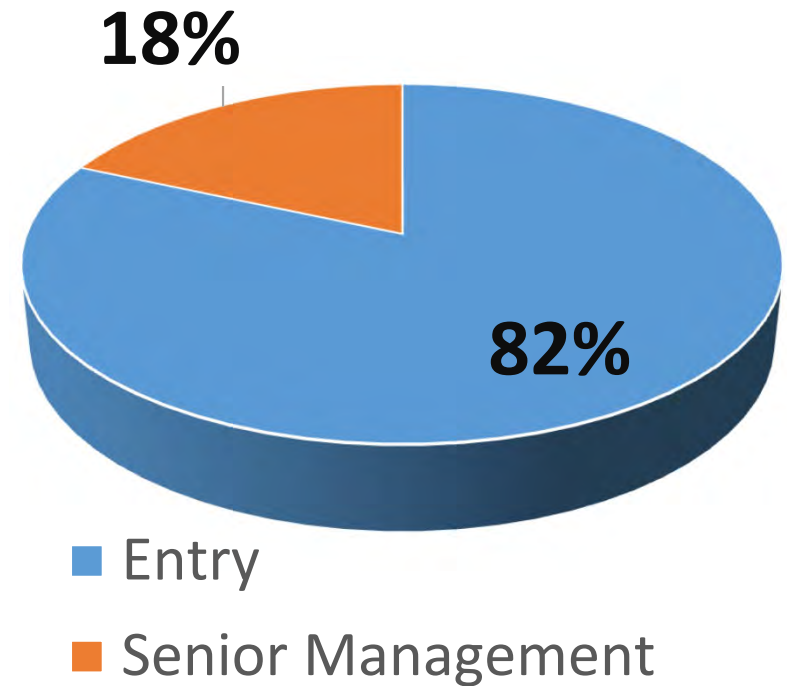
Trend: PropTech

- Opendoor: instant buyer
 - Went public on Dec 21, 2020 by merging with the SPAC Social Capital Hedosophia Holdings II
 - 4.8 billion valuation, 1 billion cash injection
- Offerpad: instant buyer
 - Offerpad went public on Sept 2, 2021 by merging with the SPAC Supernova Partners Acquisition Partners
 - 2.7 billion valuation, 600 million cash injection
- WeWork: co-working space
 - Went public on Oct 21, 2021 by merging with the SPAC BowX
 - 9 billion valuation, 1.3 billion cash injection
- Sonder: short-rentals for hotels and apartment
 - Went public on Jan 19, 2022 by merging with the SPAC Gores Metropoulos II
 - 1.925 billion valuation, 450 million cash injection

AT A GLANCE : FULL-TIME REAL ESTATE JOBS

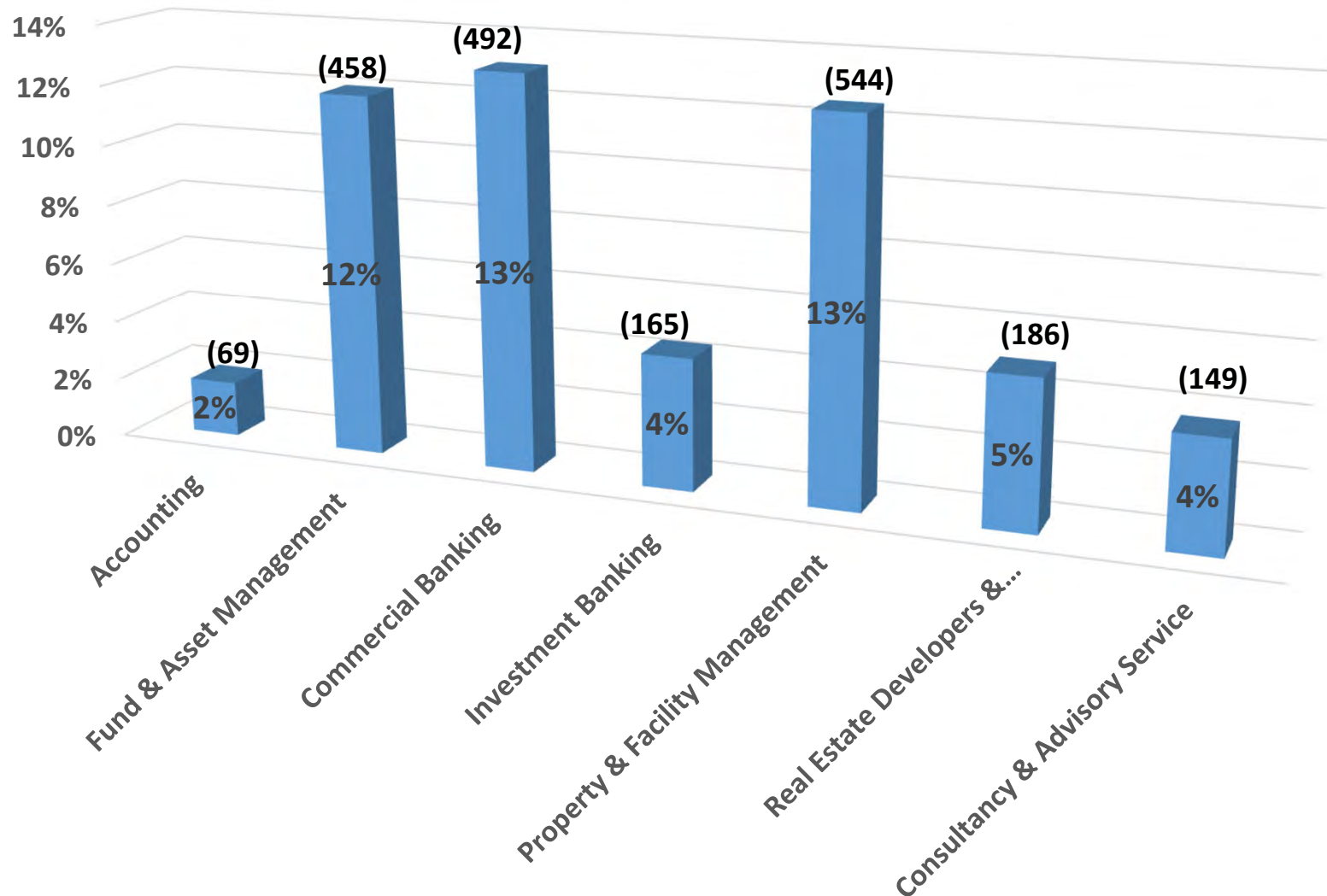


Source: *Jobstreet.com.sg as at Sep 2022*



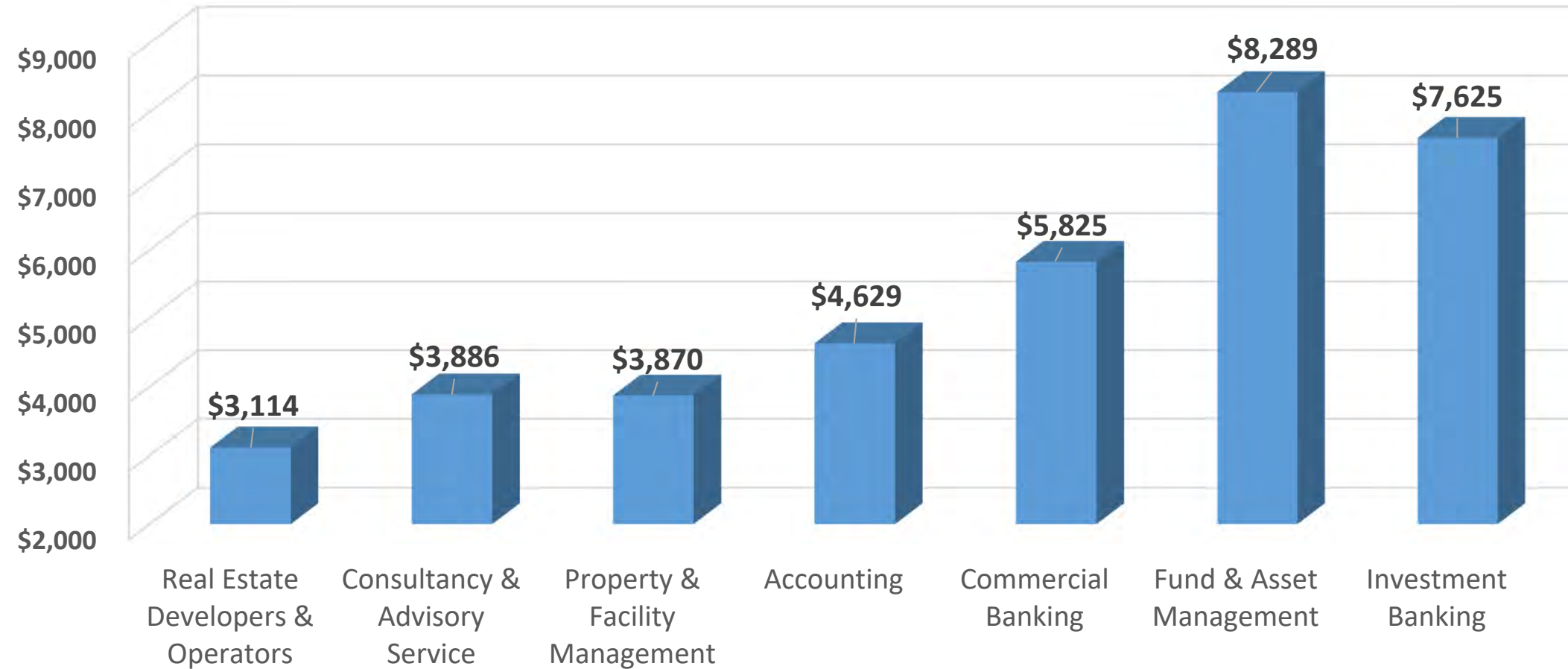
Source: *Jobstreet.com.sg as at Aug 2022*

Total number of jobs advertised in August : 3,768 (Full time jobs)
2,064 or 55% are Real Estate functions



Source: *Jobstreet.com.sg* as at August 2022

AVERAGE SALARY BY INDUSTRY & JOB FUNCTIONS (ENTRY LEVEL)



Source: *Jobstreet.com.sg* as at August 2022

Launch of Mapletree Real Estate Programme



In 2017, Mapletree Real Estate Programme was established at SMU through S\$3 million endowed gift; SMU to offer specialization in Real Estate Investment & Finance from August 2018

- **Mapletree Professorship**
- **Mapletree Awards**
- **Business Study Trips**
- **Mapletree Speaker Events**

The SMU Real Estate Track

Students will leverage on the fundamentals of Finance, Business and/or Economics and acquire the quantitative and qualitative tools necessary for variety of job roles in the sector.

The track prepares SMU undergraduates to be well-equipped with foundational skills needed for real estate companies and pursue opportunities in the exciting and fast-growing sector in the region.



FOCUS OF THE REAL ESTATE TRACK IN SMU IS ON INVESTMENTS AND FINANCE

Members of Advisory Board

Name	Title
01. Ms Wendy Koh (Chairman)	<ul style="list-style-type: none"> Group Chief Financial Officer, Mapletree Investments Former Co-head, Asia-Pacific Property Research, Citi Investment Research
02. Prof Bert De Reyck (Vice Chairman)	<ul style="list-style-type: none"> Dean, Lee Kong Chian School of Business, SMU
03. Mr Pok Soy Yoong (Member)	<ul style="list-style-type: none"> Retired Ernst & Young Tax Partner Former Board Member of IRAS
04. Mr Ng Lang (Member)	<ul style="list-style-type: none"> CEO, Land Transport Authority Former CEO of Jurong Town Corporation, Urban Redevelopment Authority and of National Parks Board
05. Mr Wen Khai Meng (Member)	<ul style="list-style-type: none"> Senior Adviser of Group Strategy, Capitaland Group Former CEO of Capitaland Singapore
06. Ms Lock Yin Mei (Member)	<ul style="list-style-type: none"> Partner, Allen & Overy Singapore Former Board Member, Singapore Land Authority
07. Mrs Penny Goh (Member)	<ul style="list-style-type: none"> Senior Adviser of Allen & Gledhill Singapore Independent Director of Keppel Corporation Ltd
08. Prof Francis Koh (Member)	<ul style="list-style-type: none"> Emeritus Professor of Finance (Practice), SMU Independent Non-Executive Director of Manulife US REIT
09. Mr Michael Ngu (Member)	<ul style="list-style-type: none"> CEO, Architects 61
10. Ms Priya Kini (Member)	<ul style="list-style-type: none"> Managing Director and Head of Global Banking, Singapore, HSBC
11. Mr Wan Kwong Weng (Member & Secretary)	<ul style="list-style-type: none"> Group Chief Corporate Office, Mapletree Investments

SMU Real Estate Track: Distinguishing Features

- Focus on “Real Estate Investments and Finance”:

Public Equities	Private Equities
Public Debt	Private Debt

- Develop an appreciation of the macro factors that influence real estate market risks and returns
- Expose students to the opportunities and risks of international real estate investing e.g., Shanghai, Ho Chi Minh City, Seoul, Hong Kong, etc.
- Visit major players in the real estate industry and related government bodies in Singapore e.g., Funan Centre (LYF), URA, JTC, Mapletree Business Centre, Ascendas, Fairmont Hotel etc.
- Internship opportunities offered by Mapletree, major real estate industry players, legal firms, banks and others
- Join the Student Club, “SMUREAL”
- Attend talks and forums, as well as other student activities



What's Special about the Track?

- **Mapletree Awards**
 - ❖ S\$40,000 annually to fund up to 5 non-bonded awards of S\$8,000 each
- **Mapletree Scholarships (WEF AY2021)**
 - ❖ S\$40,000 annually to fund up to 2 non-bonded scholarships of \$10,000 each for the recipients' third and fourth years of study
- **Business Study Trips**
 - ❖ Funds available to plan and support study trips (local and overseas) to visit real estate developments, industrial estates and commercial properties
- **Internships**
 - ❖ Internships available for students to be interned in real estate companies, including Mapletree companies, REITs etc.
- **Mapletree Speaker Events**
 - ❖ Annual Real Estate Lecture
 - ❖ Occasional Real Estate Talks



Real Estate Track Curriculum Structure

Track Requirements 5 CUs

Compulsory (3 courses)

1. Real Estate Economics – Li Jing
2. Real Estate Investments & Finance – Song Changcheng
3. **Risk & Regulations in Real Estate** – Edward Ti

LGST 210 will be offered every two years starting AY22/23, Jan 2023

Electives (Choose 2 courses)

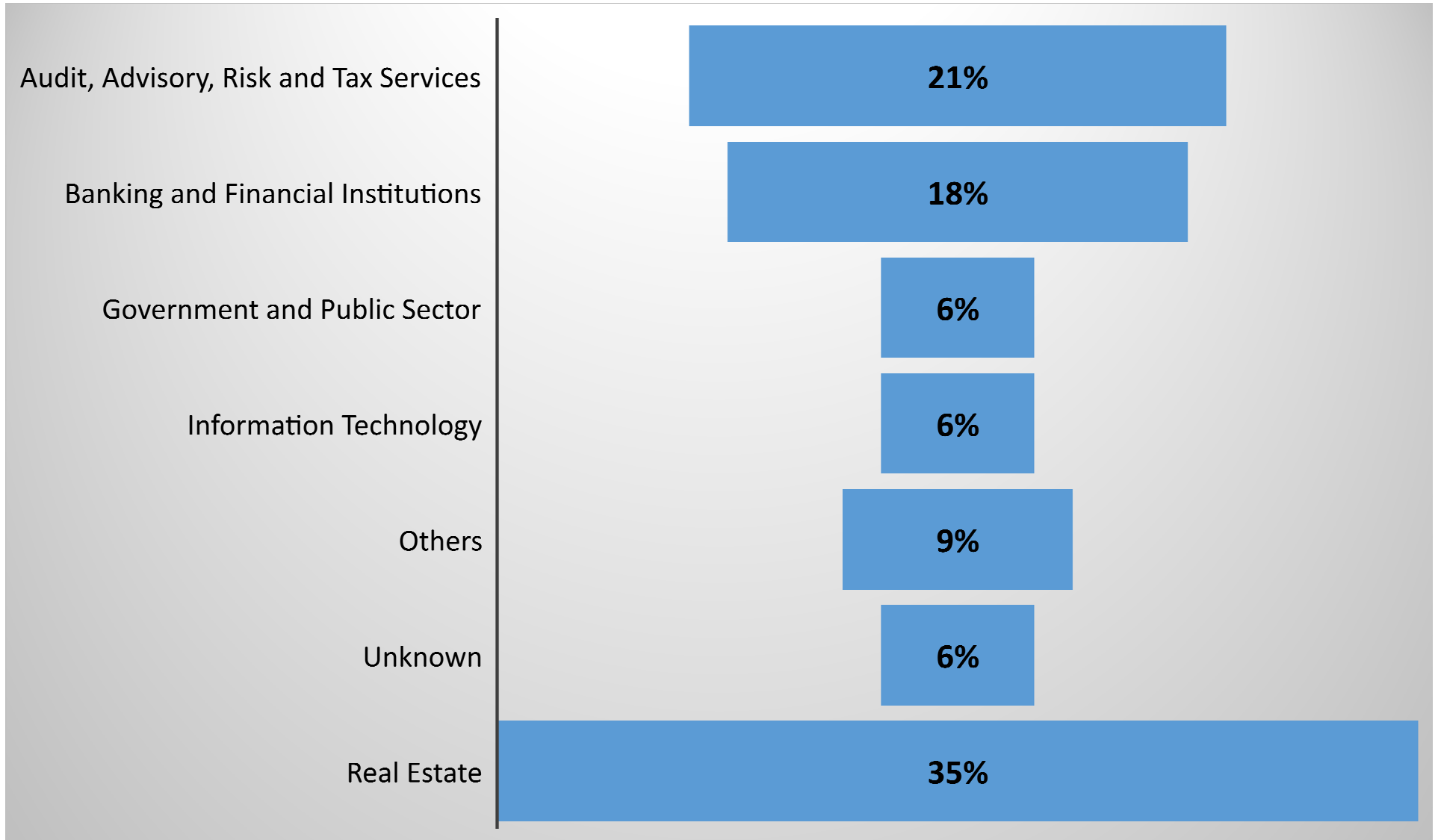
- Real Estate Valuation and Taxation – Ang Sock Tiang
- Urban Economics and Policy – Ma Lin
- Real Estate Development – Josh Ng
- Project Financing – Davin Wang
- Analytics for Finance & Real Estate – Amit Kumar

More electives may be offered based on demand and availability of instructors. Other new electives may be developed under SMU-X

RET UG Graduates Profile

Working Experience

34 Graduates



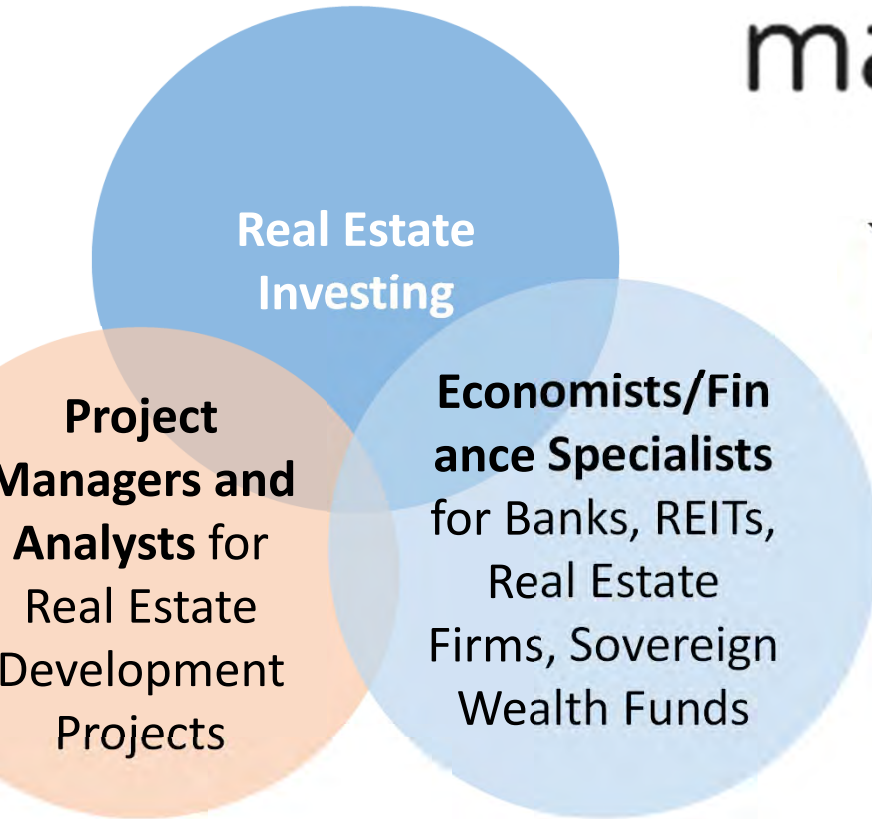
Companies our graduates Have Joined

OXFORD

 Far East Orchard

 GIC

 Blackstone




PONTIAC LAND

 DBS

mapleiree

 CITY DEVELOPMENTS LIMITED

 lendlease

 OCBC Bank

*These are not exhaustive

Companies our graduates Have Joined



INLAND REVENUE
AUTHORITY OF
SINGAPORE



Past & Potential Employers of SMU Students And Interns

- Ascendas-Singbridge
- Capitaland Ltd, Capitaland Mall (Asia)
- Allen & Gledhill
- CB Richard Ellis
- City Development
- Citibank (Investment Banking)
- Colliers International
- Cushman and Wakefield
- DBS
- Far East Organization
- Frasers Property
- Homestead Properties Pte Ltd
- IRAS
- Jones Lang LaSalle
- Keppel Capital
- Knight Frank
- Logos South East Asia
- Mapletree Investments, Mapletree Commercial Trust, Mapletree Industrial Trusts, Mapletree North China Trusts, Mapletree Logistics Trust
- New World Development Company Ltd (Hong Kong)
- Pontiac Land
- PT Metro Realty (Indonesia)
- Roxy-Pacific
- SLA
- Sing Haiyi Group
- World Class Global
- YTL Starhill Global REIT Management Ltd.
- ZACD Group
- Etc., etc., etc.



Far East Organization
INSPIRING BETTER LIVES



**Contact: Ms Chai Chiew Har (Office of Career Services in SMU)
chchai@smu.edu.sg**

Key Events

Aug
2018

- ❖ Launch of Real Estate Track (RET)

Sep
2018

- ❖ Local Study Trip to Mapletree Business City

Oct
2018

- ❖ Study Trip to Shanghai & Hangzhou

Nov
2018

- ❖ Fireside Chat with Mapletree Group CEO
- ❖ Inaugural Mapletree Annual Lecture

Feb
2019

- ❖ Inaugural Mapletree-SMU Real Estate Forum
- ❖ Launch of SMUREAL Club

May
2019

- ❖ Study Trip to Ho Chi Minh City
- ❖ Board Members Reception with RET Student

Aug
2019

- ❖ Inaugural Mapletree Awards presentation

Oct
2019

- ❖ Study Trip to Seoul
- ❖ 2nd Mapletree Annual Lecture
- ❖ Fairmont Hotel Visit (Sg)

Nov
2019

- ❖ Corenet - Young Leader Mentor xChange

Jun
2020

- ❖ 2nd Mapletree Awards recipients announced

Oct
2020

- ❖ S-REITS talk by REITAS
- ❖ 2nd Mapletree Real Estate Forum

Mar
2021

- ❖ 3rd Mapletree Annual Lecture

Jan
2022

- ❖ 3rd Mapletree Real Estate Forum

Oct
2022

- ❖ Study Trip to Vietnam

Oct/Nov
2022

- ❖ 3rd Mapletree Annual Lecture

Study Trip to Shanghai & Hangzhou (7 to 13 Oct 2018)



Mapletree & VivoCity Shanghai

ion: F

Study Trip to Ho Chi Minh City (5 to 10 May 2019)



Mapletree Vietnam & SC VivoCity

Study Trip to Seoul (6 to 11 Oct 2019)



Keppel Investment Management



JLL Korea



Cushman & Wakefield Korea

Study Trip to Ho Chi Minh City (2 to 7 Oct 2022)



PWC Vietnam



HSBC Vietnam

Inaugural Mapletree Annual Lecture (26 Nov 2018)



2nd Mapletree Annual Lecture (31 Oct 2019)



3rd Mapletree Annual Lecture (31 Mar 2021)

Mapletree Annual Lecture (Webinar)

maple*tree*



Professor Melvyn Teo
Deputy Dean (Faculty and Research)
Singapore Management University



Ms Wendy Koh
Group Chief Financial Officer, Mapletree Investments Pte Ltd and
Chairman, SMU Advisory Board for Real Estate Programme



Professor Stijn Van Nieuwerburgh
E. Kazis & B. Schore Professor of Real Estate
Graduate School of Business, Columbia University



Mr Wong Mun Hoong
Regional Chief Executive Officer, Australia & North Asia
Mapletree Investments Pte Ltd



Ms Priya Kini
Managing Director and Head of Global Banking Singapore
The Hongkong and Shanghai Banking Corporation Limited

Fireside Chat with Group CEO of Mapletree Investments, Mr Hiew Yoon Khong (22 Nov 2018)



Inaugural Mapletree-SMU Real Estate Forum (21 Feb 2019)



2nd Mapletree Real Estate Forum (31 Oct 2020)

Mapletree Real Estate Forum (Webinar)



Professor Melays Tan
Deputy Dean (Academy and Innovation)
Singapore Management University



Professor Girard George
Dean
SMU Lee Kong Chian School of Business



Ms Wendy Koh Mu Ai
Group Chief Finance Officer
Mapletree Investments, the JCI



Mr Stephen Bramley-Jackson
Head of Real Estate Equity Research
Fong Hong and Strategic Advisory Consultant



Assistant Professor Song Changchun
Assistant Professor of Finance
Singapore Management University

3rd Mapletree Real Estate Forum (20 Jan 2022)



Mapletree Leadership Series



(10 March 2022)

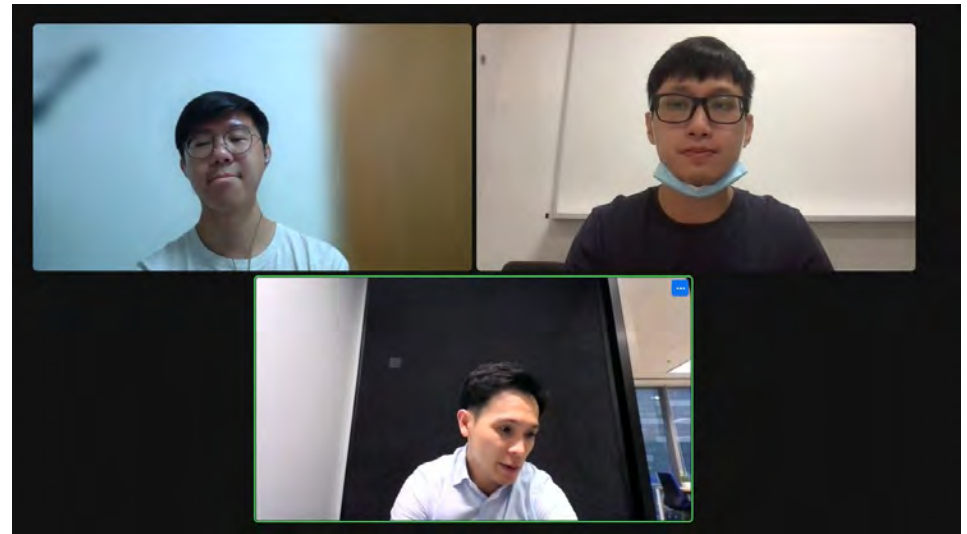
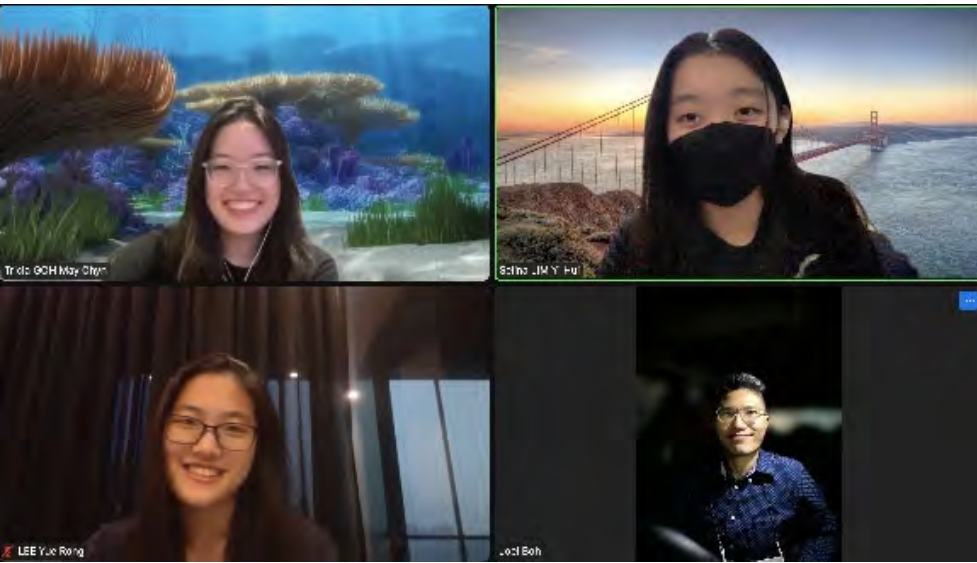
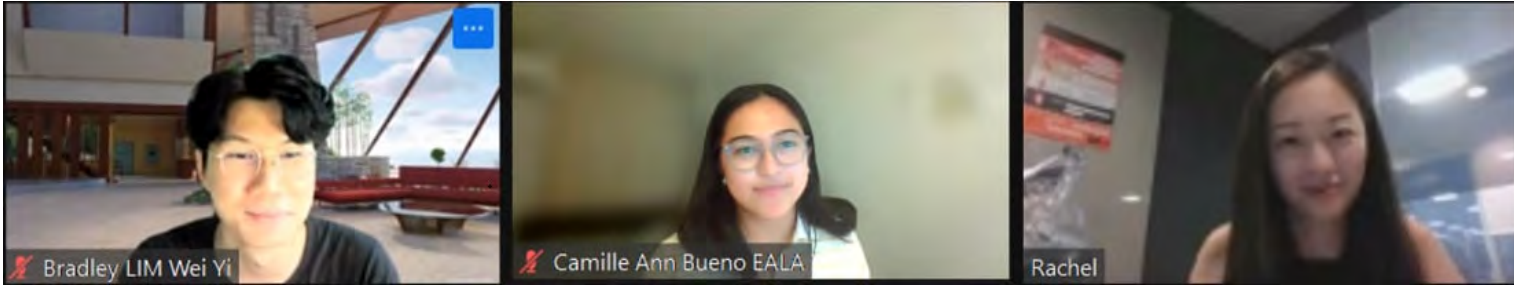


(17 March 2022)



(21 April 2022)

Our First Mentor-Mentee Scheme – Launched on 3 March 2022



Our 1st SMUREAL Club Networking Session

The 1st f2f SMUREAL Club Networking session was held on the 6 July 2022, well attended by 14 students and 9 alumni.



Other Events

- ❖ **Real Estate Study Trip to Australia**
- ❖ **4th Mapletree Annual Lecture (Feb 2023)**

Mapletree Undergraduate Scholarship : Real Estate Track

Established in 2021, the Mapletree Scholarship is available to full-time undergraduates at the Singapore Management University. It is aimed at motivating outstanding undergraduates who have declared Real Estate Track, to achieve academic excellence and to accord appropriate recognition to the recipients of the Scholarship for their accomplishments.

Criteria

- Full-time third year undergraduate students enrolled in the Bachelor of Business Management or Bachelor of Science (Economics) programme and who have **declared the Real Estate Track starting from Academic Year 2022-23**.
- Any nationality (priority for Singapore Citizens and Singapore Permanent Residents)
- Good academic results (minimum cumulative GPA of 3.40)
- Demonstrate high standards of personal conduct and remains active in community service and co-curricular activities.
- Special consideration will be given to students in financial need.

Mapletree Awards : Real Estate Track

About the Award

Supported by Mapletree Investments Pte Ltd, the Mapletree Award is given annually to outstanding full-time undergraduate students in Finance and/or Economics majors in Real Estate Track offered by the Lee Kong Chian School of Business and School of Economics. The award is to inspire the most outstanding students in Real Estate Track to greater heights of academic and practical excellence.

Eligibility Criteria

- Full-time undergraduate who has completed Real Estate Track
- Possesses good academic results with a minimum cumulative GPA of 3.40
- Shows strong interest and aptitude in Real Estate Investments and Finance
- Exhibits good leadership skills and character as well as exemplary conduct
- Participated in Real Estate Study Trip and Real Estate Internship

When to Apply

- Applications for the Undergraduate Scholarship will be sent out during January, start of the year.
- Applications for the Mapletree Awards will be called during the May of every year after the Term 2 results are out.
- For enquiries, email to Hui Ling @ hlchong@smu.edu.sg.

Q & A

Contact Us

SONG Changcheng

Associate Professor of Finance, LKCSB

ccsong@smu.edu.sg

CHONG Hui Ling

Senior Manager (Real Estate Track)

hlchong@smu.edu.sg /
realestate@smu.edu.sg

Undergraduate Programmes

School of Business : lkcsb_ug@smu.edu.sg

School of Economics : undergrad_econs@smu.edu.sg

APPENDIX

Important dates

Penalty of \$10 e-dollars will be imposed if past deadline.

- **Term 2. AY 2022-23 bidding periods are as below:**
 - 31st October 2022 – 2 November 2022 (Round 1)
 - 2 November – 4 November 2022 (Round 1A)
 - 7 November – 9 November 2022 (Round 1B)
 - 9 January – 11 January 2023 (Round 2)
 - 11 January – 13 January 2023 (Round 2A)

SMU Real Estate Track

: CORE UNITS – Course Outline

Real Estate Investments & Finance

- ❖ Real estate investments: public and private equity; public and private debt
- ❖ Valuation of real estate properties
- ❖ Evaluation of real estate projects and developments
- ❖ Financing of real estate: public and private equity; public and private debt
- ❖ Cost of capital

Real Estate Economics

- ❖ Demand and supply of housing
- ❖ House prices and real estate cycles
- ❖ Mortgage instruments, interest rates and default risks
- ❖ Global Financial Crisis and U.S Subprime Loans
- ❖ Local housing policy

Risk and Regulations in Real Estate

- ❖ Contract law, agency law and Tort
- ❖ Property law and titles
- ❖ Contract for sale and conveyancing process
- ❖ Property taxes
- ❖ Real estate financing, property loans and mortgage process
- ❖ Personal rights and proprietary rights
- ❖ Administration of Law and Equity
- ❖ Real Estate Investment Trust

SMU Real Estate Track

: ELECTIVES – Course Outline

Real Estate Valuation & Taxation

- ❖ Various types & nature of real estate, legal Interest & characteristics of real estate market
- ❖ Needs and purpose of property valuation
- ❖ Concept of Value, Cost, Price and Market Value
- ❖ Factors that influence property values
- ❖ Rationale in the use of valuation approaches and methodologies
- ❖ Key concepts in the Property Tax, Stamp Duty, Development Charge & Compulsory Acquisition
- ❖ Property tax payable, stamp duties payable & Development Charge calculations

Urban Economics & Policy

- ❖ Formation of Cities - the economics of agglomeration
- ❖ The urban system, big & small cities, their functions & roles
- ❖ Internal spatial structure of a city & urban housing issues, including location & tenure choice
- ❖ Urban transportation – the economics of traffic congestion
- ❖ Local public goods (Tiebout Model)
- ❖ Land use optimization, public finance & housing markets (Henry George Theorem)
- ❖ The economics of urban planning

SMU Real Estate Track

: ELECTIVES – Course Outline

Real Estate Development

- ❖ Property development cycle
- ❖ Conception of the development project
- ❖ Feasibility study
- ❖ Project financing
- ❖ Project construction
- ❖ Real estate marketing
- ❖ Project completion
- ❖ Post-project management
- ❖ Exit strategies

Project Financing

- ❖ Financing of large scale projects
- ❖ Project cash flow
- ❖ Project risks
- ❖ Project structuring and term sheets
- ❖ One Belt One Road and potential for project financing

Analytics in Finance and Real Estate

- ❖ How big data can be applied in finance and real estate
- ❖ Randomized control trial, differences-in-differences, and regression discontinuity design
- ❖ Analyse cross sectional and panel data
- ❖ Machine learning methods and its application

Course Descriptions

Course Descriptions (1)

REAL ESTATE INVESTMENTS AND FINANCE

This course focuses on real estate investments and financing from a commercial perspective. It discusses the four quadrants for investments and financing – public debt, private debt, public equity and private equity employed by institutional investors. The course will evaluate real estate investments and financing in each of the four quadrants using a variety of techniques including discounted cash flows and capitalization rates. The course will also cover real estate investment trusts (REITs) and private equity real estate funds.

REAL ESTATE ECONOMICS

This course is designed as an introductory course to study housing finance systems and housing market outcomes. It provides an overview of real estate markets as well as public policies that affect these markets. The beginning of the course will focus on what determines house price movements (captured by house price indices) and the role of real estate cycles (including bubbles) in mortgage default. The course will then be devoted to analyzing mortgage instruments used to finance investments in real estate. This includes calculations of payment streams for different types of mortgages, consideration of different types of mortgage contracts that shift interest rate and default risk between lenders and borrowers, and the role of the secondary market for mortgage securities. Equipped with aforementioned skills, students taking this course should be able to develop an eye towards the role of housing and mortgage markets in the recent financial crisis as highlighted in the United States and its potential policy implications for the local market.

Course Descriptions (2)

RISK AND REGULATION IN REAL ESTATE

This course focuses on the legal fundamentals of real estate practice and development in Singapore. While space and the built environment is ubiquitous, real estate remains a unique asset class. The rules relating to its current and future value, how it may be securely transferred from one party to another and its very definition all depend on law. The course is vital for students with an interest in real estate transactions, its development, investment and financing.

REAL ESTATE VALUATION & TAXATION

This course teaches students the use of valuation methodologies and approaches in appraising real estate for sale, acquisition, and leasing; and provides them with a good understanding of real property taxation which can have significant impact on many real estate decisions. The extensive use of examples and case studies will enhance learning and help the students to readily apply their knowledge to address the many real estate issues and challenges commonly encountered in real estate transactions, property development and property ownership.

Course Descriptions (3)

URBAN ECONOMICS & POLICY

This course is designed as an introductory course of urban economics. It covers fundamental principles developed in economics to understand the functioning/ workings of an urban economy and the various aspects of urban life. Firstly, the course begins with the definition of a city, and why cities form by introducing the economics of agglomeration, and how cities interact to form the urban system of the entire economy. These factors affect all urban phenomena. Secondly, the course analyses the internal spatial structure of a city by developing a theory of commuting, housing demand and housing production. It then analyses transportation and land/housing issues in more detail. On transportation, we focus on the economics of traffic congestions, the rationale for congestion pricing (ERP), and the so-called fundamental law of highway congestion. The discussion on land and housing, will address various housing phenomena such as tenure choice and location. The courses will discuss the optimality

Course Descriptions (4)

REAL ESTATE DEVELOPMENT

This course focuses on the real estate development cycle. The main stages of real estate development are (a) predevelopment planning, (b) project inception and roll-out, and (c) post-project management. The first stage consists of activities centred on a feasibility study and due diligence, which will include site planning and development parameters. The next stage is to commence the development, which will include site selection, investigation and evaluation, market study, project management, procurement and regulatory issues. The last stage involves implementing post-project activities including leasing or selling the property, post-construction management and yield enhancement. Each stage has business, financial and operational risks. The course will discuss the embedded activities in the value chain of real estate development for the various sectors, namely, residential, offices, industrial and commercial properties.

PROJECT FINANCING

The course focuses primarily on large projects - those costing at least USD200 million. Through this course, students will learn the mechanics of project finance and the critical success factors for such transactions, including creating value and managing risks. Students will learn how to structure a robust Project Finance Term Sheet to facilitate investment and financing decisions.

The course will include discussions on China's "One Belt One Road" Initiative ("OBOR"), and strategies to capture the opportunities arising from OBOR through Project Finance pathways. Students will also appreciate how finance, economic and political forces are interwoven into project financing especially in the Asia Pacific region.

Course Descriptions (5)

ANALYTICS IN FINANCE AND REAL ESTATE

This course is to help students to apply the econometrics theory with data in finance and real estate in the real world. It will be empirically oriented, with an emphasis on causal identification using various methods such as randomized control trial, differences-in-differences, and regression discontinuity design. This course will focus on applied econometric issues with cross section and panel data. This course will also introduce machine learning methods and its application in finance and real estate.

Thank you

