

Property Transactions

Module Descriptor

Module Code: PTY7PRT

Version: 7.00

Status: Final

Date: 22/07/2020

Summary Module Details

Module details

Module Title: Property Transactions

Module Leader: Jan Wilcox

Module Mode: Supported online learning

Semester: Spring (UK)

Level: 7

Credits: 20

Learning Hours: 200

Contact & Study Hours

Directed Study Time: 60hrs (30%)

Self-directed Study Time: 70hrs (35%)

Assessment Study Time: 70hrs (35%)

Assessment Type

Coursework: 100%

Computer Marked Assessment: 0%

Self-directed Research Project: 0%

Portfolio: 0%

Module summary

This module introduces students to the practice of estate agency, focusing on the commercial property market in the UK. It deals with the relationship between a client and agent during the contract for property agency and looks at the logic of location theory for commercial uses for leasing and sale. Students are introduced to the analysis of company accounts (profit and loss statements, cash flow statements and balance sheets) in order to establish the covenant strength of a prospective tenant in the letting process. The module also seeks to explain, firstly, how the sale (price and/or rent) is determined, and, secondly, to introduce students to the dynamics of various property markets as key functions of business planning. In selected module topics international students draw comparison between arrangements in the UK and their own jurisdictions.

Taken on which Programmes

MBA Construction and Real Estate (E)

MSc Real Estate (C)

Core (C) or Elective (E)

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Module Aims

This module aims to examine:

- Practices associated with the acquisition and disposal of real estate.
- The stages and processes of the acquisition and disposal of real estate.
- Value and market dynamics.
- The practical market skills required of a real estate advisor for successful client/agent relationships.

Module Learning Outcomes

- LO1. Critically synthesise the legal, valuation and market knowledge underpinning the practice of property acquisition and disposal.
- LO2. Critically evaluate the relevance and validity of a range of data in the context of new situations within commercial real estate relating to property acquisition and disposal.
- LO3. Critically evaluate complex commercial real estate scenarios and develop reasoned recommendations and solutions.
- LO4. Critically appraise a range of media and communicate effectively to relevant stakeholders.

Indicative Module Content

Module topics

- **Types of Agency**

As an introduction to the Property Transactions module, students will look at the contractual relationship that exists between the client and agent and look in considerable detail at the circumstances under which the agent might be owed a fee for his or her services. We consider the definition of each form of contract with reference to the Royal Institution of Chartered Surveyors (RICS) definitions and go on to examine the content of an agent's 'Terms of Engagement'. Comparison of UK arrangements with selected international case studies.

- **Acquisitions and Disposals**

The decision to acquire or dispose of a commercial property is driven by the needs of the business that occupies a particular property, and therefore an understanding of the clients' business will naturally lead to an appreciation of business objectives and the role played by property occupancy.

The expertise that a property agent brings can be a valuable resource for the client and an in-depth knowledge of the property market in which the agent operates will undoubtedly lead to a more efficient acquisition or disposal of property.

A focus on the use of marketing reports to advise the client is a fundamental skill of any agent, and we learn how to use such reports in communicating with our clients.

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- **Location Theory and Practice**

Whilst there are numerous economic models to explain the rationale of location theory, on a practical level the availability of suitable buildings at a suitable cost is a fundamental influence in decision making for any commercial occupier. The proportion of occupiers who occupy bespoke premises built specifically for their own requirements is tiny in comparison to those that move into 'speculatively built' or second-hand properties. Therefore, the availability of existing premises is an important feature. Comparison of UK arrangements with selected international case studies.

- **Commercial Property Sales**

In this topic students will look at the different methods of property sale, from private treaty to auction and tender, and consider under what circumstances each method might be best used.

Students will look in detail at each of the parties to a property contract sale, the pre-contract procedures and sales process through to 'practical completion'.

Students also examine special transactions, such as a 'sale and leaseback', conditional contracts and overage, under which a seller may receive additional sales proceeds in some circumstances.

- **Commercial Property Leasing**

By volume of transactions, the number of commercial leases agreed in any year in the UK by far exceeds other forms of tenure on which a building may be held.

This topic examines the 'heads of terms' agreed between the parties, which forms the basis of a draft lease. It considers agreements for lease and lease renewal, and the often 'vexatious' issue of break clauses.

In the leasing process a prospective tenant's covenant strength is a key consideration and is established through credit checks, bank references and the review of audited company accounts. In the topic of 'tenant selection and letting' students are introduced to the analysis of company accounts (profit and loss statements, cash flow statements and balance sheets).

Students also focus on how a property is marketed using the case study, Forbury Place in Reading.

- **The Dynamics of Property Markets and Price**

To understand how a property market performs, it is essential that a property agent understands the dynamics of the market and the variables that influence property pricing in that market.

Location for each market sector, specification of the building and – in the case of leasehold property – the terms of that lease are all factors which have a bearing on property pricing. Additional factors, such as the availability and level of incentives, may have a marked effect on the 'true' or real price of property once such incentives are properly taken into account. Comparison of UK arrangements with selected international case studies.

- **The Art of Negotiation**

An agent involved in property transactions must be a competent negotiator. Such skills are learnt but come more naturally to some rather than others.

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Understanding what your client is trying to achieve from the negotiation is the fundamental starting point. The skill of keeping the process moving forward if possible is learnt with experience but planning in advance is a pre-requisite of any negotiation.

- **Property Inspection**

The amount of information an agent records from his or her inspections will be determined by the purpose of that inspection. The agent must record sufficient details to enable that purpose to be fulfilled.

Whilst the RICS Code of Measuring Practice is the professional 'yardstick', the agent must be aware of local market practice which may determine that a type of building might be measured differently, in accordance with local convention. Comparison of UK and other international locations having regard to International Property Measurement Standards (IPMS).

- **Property Valuation**

In order to advise a client concerning a property transaction, the agent must ideally be a competent valuer who knows the market in which he or she is operating and is able to accurately interpret market evidence in application to the subject property to be valued. We look closely at the application of two RICS resources in this regard:

- Comparable evidence in property valuation.
- UK Guidance Note 6, "The analysis of commercial lease transactions".

- **Sustainability**

It is crucially important for the real estate profession to understand the importance of promoting, pursuing and supporting sustainability standards in both the commercial and residential sectors. In this week we consider:

- What the term 'green building' means.
- The way in which sustainability affects the housing market.
- The effect sustainability has had in recent years on commercial property valuation.
- The function of energy performance certificates.
- The importance of sustainability assessment and rating systems, such as Building Research Establishment Environmental Assessment Methodology (BREEAM), in commercial property.
- The relationship between the property agent and sustainability.

This content will be reviewed and updated regularly to reflect the legal, moral and financial changes in professional standards and practice.

Overview of Summative Assessment

Module learning outcomes	Assessment	Word count or equivalent	Weighting
LO1, LO2, LO3, LO4	Assessment 1 Coursework	2,000	40%
LO1, LO2, LO3, LO4	Assessment 2 Coursework	3,000	60%

Module Pass Mark (as a weighted average of all assessments): 50%

Key Module Learning Resources

Core sources and texts

The core reading resources within each module will be provided via the specific Virtual Learning Environment (VLE) module pages and within the e-Library. Additional reference material and supplementary resources to support your studies are available through the UCEM e-Library.

Module tools

Students will have access to study materials, dedicated academic support, student forums, and learning activities via an online learning platform (VLE).

The module page on the VLE is broken down into structured study weeks to help students plan their time, with each week containing a mixture of reading, case studies, videos/recordings and interactive activities to go through. Online webinars/seminars led by the Module Leader can be attended in real time and provide opportunities to consolidate knowledge, ask questions, discuss topics and work through learning activities together. These sessions are recorded to support students who cannot attend and to enable students to recap the session and work through it at their own pace. Module forums on the VLE provide further opportunities to discuss topics with other students, complete collaborative work and get extra help from the module team.

Professional online resources

The e-Library provides access to trusted, quality online resources, selected by subject specialists, to support students' study. This includes journals, industry publications, magazines, academic books and a dissertation/work-based library. For a list of the key industry specific and education resources available please visit [the VLE e-Library](#).

Other relevant resources

Access is also provided to further information sources that include the British Library and Open University UK catalogues, as well as providing a monthly current awareness service entitled, **Knowledge Foundations** - a compendium of news, research and resources relating to the educational sector and the Built Environment.

The module resource list is available on the module website and is updated regularly to ensure materials are relevant and current.