



**PENHALLOW ASSOCIATES LIMITED**  
**A Financial Knowledge Company**



## **Understanding the Commercial Real Estate Market**

**Virtual Learning: Duration 6 Hours,  
2 Periods over 2 Days,  
Course Price: £745 plus VAT  
21.10.24 (09:00:12:00),  
22.10.24 (13:00:16:00)**

**Location: (UK) Virtual Learning Live Environment via Video  
Communication. *To book, or, require more information. Please contact  
Alan Penhallow;***

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***This programme may be of interest to your colleagues.***

**[www.penassco.co.uk](http://www.penassco.co.uk)**

### **Course Overview**

Real estate is considered to be the largest asset class in the world, although this is largely due to the size of its residential sector, of which most people necessarily have some general understanding. In contrast, the commercial real estate investment market is, even to professionals, largely opaque, misunderstood, and subject to unanticipated risks.

This intensive training course is designed to provide a comprehensive understanding of how the market functions and the drivers behind commercial real estate's performance and risk. A basic understanding of economic and statistical measures is assumed. Experience in working in the markets will be helpful, but is not essential.

### **Who Should Attend**

- Pension fund managers and trustees (particularly the small ones, of which there are thousands) that are investing in direct property but may not have expertise
- Investment bankers who are being brought in to deal with the growing amount of defaulting property debt
- New joiners to property debt teams who need to quickly get an overview of the market
- Family offices who are investing or diversifying into property
- Non-property people (e.g. finance team, HR, research) in property companies or institutions and in other businesses that are having to/wanting to become involved in property
- Economists who are dealing with property clients

### **Agenda**

1. Real estate in the context of the economy
  - a. The cyclical nature of property
  - b. Performance and risk factors
  - c. Comparison with other main asset classes
  - d. Market pricing vs economic pricing
  - e. Private real estate compared to public
2. Market structure
  - a. Participants – agents (letting and investment), private investors (businesses, high net worth, family offices), institutions (insurance companies, pension funds), sovereign wealth funds, fund managers, property managers, valuers, researchers, building surveyors, etc.
  - b. Auctions and private treaty
3. Market sectors and the differences between them
  - 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.)
4. Landlords and tenants
  - a. Lease terms
  - b. Lease lengths and rent reviews
  - c. Letting incentives (rent-free periods and concessionary rents)
  - d. Locational value – macro and micro
  - e. Rents and rental values, and how they are determined

5. Investors
  - a. Capital valuations – comparative and DCF
    - i. Strengths, weaknesses and dangers
  - b. Capitalisation yields – initial, reversionary, etc.
    - i. Cyclical and mean reversion
  - c. Use of debt to 'enhance returns'
  - d. Depreciation (physical and economic) and obsolescence
6. Performance
  - a. Cyclical
  - b. Secular changes in modern times
7. Private equity vehicles, joint ventures, club deals
  - a. Private and institutional
  - b. Open and close-ended (limited life) funds
8. Concluding and summarising
  - a. Where the market is now – what the indicators are telling us (including the public equities markets)
  - 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 comprehensive understanding as to how real estate markets function and to be able to identify opportunities and associated risks.

## **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).

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