PROPERTY DEVELOPMENT

CFA Institute

01 REVENUE SOURCES
Balancing Stable vs. Lumpy (Uneven) Revenue

- Property investment business – Rent collection
- Property development
- Strategic investments – depending on specific asset class nature

02 Structural Influencers

- Tiers of city – economic development
- Regulatory restraints (in relation to jurisdiction)
- Population
  - Demographics
  - Migration friendliness
  - Urbanisation
- Government housing subsidy
- Culture – asset owning vs rental

PROPERTY DEVELOPMENT

The business model of property developers face related, yet different, operational dynamics as those faced by the asset owner (REITs)

03 TYPE OF PROPERTY ASSET CLASS

- Residential
- Commercial
- Industrial
- Hospitality

07 OTHERS

- ESG
- Other KPIs
  - Sell-through rates
  - Unsold inventory
  - Price to RNAV
  - Price-to-income ratio

06 RISK

- Mismatch of market timing during property development
- Supply shock
- Unexpected macro shock
- Over leveraged gearing ratio
- Market interest rate change
- Average tenor of loan too short
- Expectation mismatch (between type of units developed versus end-consumer needs)
- Regulatory policy
- Increase in vacancy

05 SOURCES OF FUNDING

- Committed banking facilities
- Bond financing
- Rights issue
- Equity financing

04 SOURCES OF LAND BANK

- Legacy sources
- Redevelopment of existing property
- Public auctions/ land tenders
- Conversion of land-use nature