PRINCIPLES OF PROPERTY INVESTMENT AND PRICING

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MACMILLAN

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Softcover reprint of the hardcover 1st edition 1984

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First published 1984 by
Higher and Further Education Division
MACMILLAN PUBLISHERS LTD
Houndmills, Basingstoke,
Hampshire, RG21 2XS,
and London
Companies and representatives
throughout the world

Typeset by Photo-Graphics, Honiton, Devon, England

British Library Cataloguing in Publication Data
Fraser, W. D.

Principles of property investment and pricing.
—(Macmillan building and surveying series)

1. Real estate investment

I. Title

332.63'24 HD1375

ISBN 978-0-333-32122-5 ISBN 978-1-349-17683-0 (eBook)

DOI 10.1007/978-1-349-17683-0

DEDICATION

The content of this book evolved from my lectures to students in the B.Sc. Land Economics course at Paisley College from 1972–83. In return for their stoic endurance, I dedicate the book to them.

Contents

	<i>Preface</i>	xi
	Introduction	1
	Property's place in the national economy; the structure of the book	
PART I	PRINCIPLES OF INVESTMENT AND ASSET PRICING	
2	Debt and Equity – Risks and Returns	7
	The risks and returns to debt and equity capital; financial gearing and its significance; examples in housing and corporate finance	
3	Marketable Securities and the Stock Market	20
	Going public; loan stock and ordinary shares compared; new issues; government bonds; the Stock Exchange, its functions and dealing mechanism; stock market investors	
4	Analysis of Stock Market Securities	34
	The aims of investment analysis; analysis of ordinary shares and corporate bonds; investment yields	
5	Gilt Edged Securities – Prices and Yields	52
	The impact of inflation and changing interest rates; the structure of yields; the impact of taxation; unconventional gilts	
6	Ordinary Shares – Prices and Yields	64
	A model of share price determination; dividend yields, price volatility and growth	

7	The Investment Yield Spectrum	75
	The yield relationship between gilts and equities; preference shares and convertible stock; a summary of factors affecting yields	
8	Modern Theories of Investment Pricing	88
	Efficient Market Theory, risk and portfolio theory; Modern Portfolio Theory, portfolio planning and management	
9	Historic Trends in Stock Prices	98
	Corporate profitability and the level of interest rates; the impact of the trade cycle and inflation; the 1973–4 stock market collapse and subsequent trends	
PART II	PROPERTY INVESTMENTS – PRICES AND YIELDS	
10	Property Investments and the Property Market	113
	Property interests and investment property types; characteristics of physical property; the property market and its imperfections	
11	The Rental Yield and a Property Pricing Model	124
	Property yields and the impact of rent review; a property pricing model	
12	The Determination of Property Yields I	140
	A comparison of property with stock market investments; investors' target IRR and growth expectation; the impact of depreciation; historical yield trends	
13	The Determination of Property Yields II	159
	Freehold and leasehold interests, the various property types, investment quality; applications of the price theory	
PART III	THE DETERMINATION OF RENTAL VALUE	
14	The Concept of Rent as a Surplus	181
	The theory of economic rent and optimal factor combination; the relationship between economic rent and rental value	

15	Rental Value – A Demand and Supply Analysis	196
	Rental differences between properties; the general level of rental values; the occupation demand for business property; the supply of property for let, new and existing, long run and short run	
16	Rental Value and Property Type	209
	The determinants of the rental value of farmland, retail property, offices and industrial; relationship with macroeconomic trends	
PART IV	THE THEORY AND FINANCE OF PROPERTY DEVELOPMENT	
17	Site Values and Development Activity	237
	Development and the developer; risks and returns from property development; the theory of site value; obsolescence; cyclical trends in development activity; long-term trends in rental values	
18	Development Finance – Traditional Arrangements	266
	The developer's financial structure; the needs of the financier; sources of corporate finance; project finance, short term; long term; mortgage finance	
19	Equity Sharing and Partnership Schemes	278
	The rise of equity-sharing; sale and leasebacks, top/bottom and side-by-side schemes; partnerships with local authorities, lease and leaseback	
PART V	PROPERTY INVESTORS AND PROPERTY PRICING	
20	The Property Companies	303
	The post-war growth of property companies; activities and functions; investment in property company shares	
21	The Financial Institutions	310
	General and long-term insurance companies; pension funds; their activities, functions and investment policy; property unit trusts; property bonds; managed bonds; charitable trusts; distribution of investment funds	

22	Property Investment Overseas	334
	The case for investment overseas; criteria for selecting a country; the problems of overseas property investment; the impact of exchange controls	
23	Property Pricing – The Theory Revised	344
	The pricing model reviewed; the impact of institutional investment policies; the case for property in the institutional portfolio; a supply and demand analysis	
PART VI	GOVERNMENT INTERVENTION IN THE PROPERTY MARKET	
24	Aspects of Government Intervention in the Property Market	359
	The impact of planning control, rent control and land taxation; property as a tax shelter	
PART VII	A POST-WAR HISTORY OF THE PROPERTY MARKET	
25	The Post-war Development Boom and its Aftermath	377
	Traditional land ownership in Britain; the economic basis of the post-war boom; the development boom 1954–64; trends in the late 1960s	
26	The Boom, Collapse and Recovery 1970–7	384
	An analysis of the causes of the boom and bust, including the relationship between the property market and national economic trends, and the influence of the government and financial institutions	
27	Recent Trends and the Future	403
	Market conditions since 1977, the future for property investment	
	<i>Questions for Discussion</i>	411
	<i>Glossary of Terms Used</i>	419
	<i>References</i>	424
	<i>Further Reading</i>	425
	<i>Index</i>	429

Preface

Aim of the book

The purpose of this book is to explain the determination of the value of business property (primarily shops, offices, industrial and agricultural), and its performance as an investment. It is thus a book about the economics of the property investment market. It examines the forces which determine value, and explains the relationship between macroeconomic trends and property values. It is intended to bridge the gap between the study of 'pure' economics and the practical knowledge that the property valuer or investor has of the market in which day to day operations take place.

The book explains how property values are determined, not how values are assessed, though it contains many implications for valuation practice. It explains the operation of the price mechanism in the property market, but makes no judgement on the efficiency of the system or about the justification for planning. It provides no solution to the problems of the urban economy, nor does it set out to explain patterns of urban land use, though incidentally it contains much of relevance to these subjects.

Although the book is written primarily as a student textbook, it is also intended for practitioners, even those whose education predates the introduction of discounted cash flow (DCF) analysis, and whose knowledge of algebra and economics has largely evaporated into the mists of time. Although an elementary knowledge of these subjects is beneficial, the principal theories and concepts are explained from first principles, and the mathematics and theoretical content has been reduced to the minimum considered essential for a thorough grasp of the subject. However, some passages will not be easy for those studying the subject for the first time, and when difficulty is encountered it is frequently best to read on and

return later to the troublesome section. The reader should be prepared to read certain passages two or three times.

The author apologises for passages which are confusing, turgid or slow and for all errors and omissions. He humbly invites criticism.

The book is primarily designed for degree courses in estate management and land economics as well as for students preparing for the examinations of the Royal Institution of Chartered Surveyors. It should also prove valuable for experienced surveyors, especially those practising in the investment, development and valuation fields. The book will provide students and practitioners of town planning with a detailed insight into the economics of the property market, as well as providing an analysis appropriate for stockbrokers and investment analysts specialising in the property sector.

Acknowledgements

I would like to acknowledge with thanks the help given by the following: Professor Ivor Seeley for his comments on the text, Stephen Lumby for his suggestions and criticism of Part I, Dr Schiller of Hillier Parker for his comments on Part III and Mr John Orton and Gerald Brown of Richard Ellis. I would also like to thank the many firms which gave permission to publish their research material, in particular: Hillier Parker; Richard Ellis; Jones, Lang Wootton; Healey & Baker; King & Co.; Phillips & Drew; de Zoete & Bevan. Assistance was also gratefully received from Miles Larby of Bingham, Hughes & Macpherson, John Nix of Wye College, Stewart Morley, Graeme Brown, Ken Barnett, Douglas Bodie, Bill Colville and Alex Culverwell. I am also indebted to Paisley College for the use of its facilities, and Professor Millington and the staff of the Land Economics Department. Finally, my thanks are due to Kathleen Ward who typed the manuscript with care and without complaint.

W. D. FRASER

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