



10th Annual ERES Education Seminar: Ferrara

FINANCE IN REAL ESTATE EDUCATION: EXAMPLE FROM THE EMERGING MARKET PERSPECTIVE.

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Real Estate Finance

- ▶ Since the beginning of first Real Estate Development Master's Program in Turkey 2001, real estate finance as a term has been little changed and evolved by definition
- ▶ **Space Market** and **Asset Market**
- ▶ After 2007 New Mortgage system is introduced in Turkey and past 7 years market is demanding more **knowledge** and **data** in order to position itself to rapid changing of game rules from local and central governments

Turkey Economic Outlook

	2012	2013	2014
GDP (%)	2,2	4	4,3
GDP Per Capita	10.504	10.782	11.277
Population (million)	75.6	76.6	77.3
Household Spending Growth Rate (%)	-0,7	4,6	2,9
Inflation	6,2	7,4	9,16
Unemployment	9.2	9.7	9
Lira/€	2.3	2.52	2,95

THE EMERGING MARKET PERSPECTIVE

- ▶ Among those changes the real estate finance course at Istanbul Technical University started a curriculum mostly from **US perspective** while strengthen the enrollment from **Erasmus programs** in EU
- ▶ While most of the fundamentals of real estate finance stays the same, multidisciplinary backgrounds of the students provide different viewpoints and **investment/ risk** perception to be discussed throughout the year.

Change of Syllbus REF 2001-2014

- ▶ Canadian Real Estate Finance : a Typical Transaction: Albert F. EGER
- ▶ (2001-2003)
- ▶ Commercial Real Estate Analysis and Investments: Analysis & Investments: Geltner & Miller
- ▶ (2004-2012)
- ▶ **Real Estate Finance and Investments 14th Edition Bruggemann & Fisher**
- ▶ (2013-

The Alumni Survey 2013

- ▶ Survey has been conducted to **+250** Alumni of Real Estate Development Masters Programme through **2003-2013**
- ▶ Survey aim to capture the last decade's fast changeing real estate business environment.

The Alumni Survey

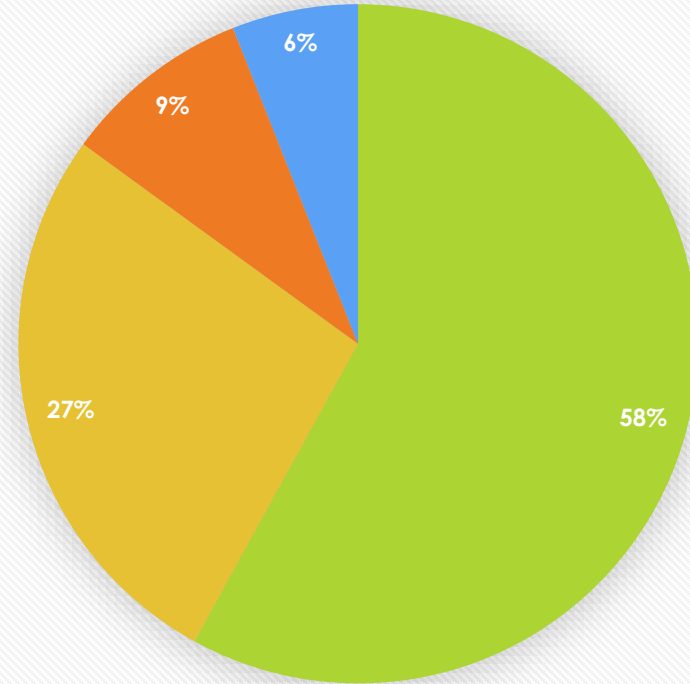
- ▶ In order to get the contribution of courses, thesis and networking abilities of student to their future carer planning, questionnaires were asked to alumniees. Their feedback is give valuable information for determining the new vision of Master's program.
- ▶ Alumniees respond to contribution to their business network gets the higher score where little critic from few where their jobs on public enterprises.

The Alumni Survey

- ▶ The contribution of the thesis gets a hard critic from alumnies that long and demanding workload of thesis is taken little effect on their careers.
- ▶ Course is popular among Faculty of Architecture, Civil Engineering and Business Administration programs, students have opportunity to meet and share different opinions about financial decisions and risk measures.

Response Percentage to Finance Lecture Syllabus Effect on Careers

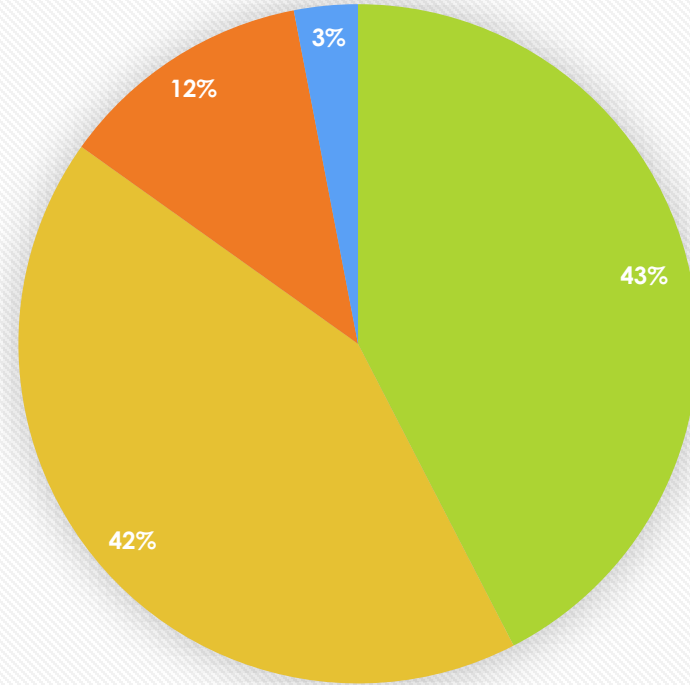
Response Percentage



■ Strongly Agree ■ Agree ■ Disagree ■ Strongly Disagree

Response Percentage to Finance Lecture Syllabus Effect on Master Thesis

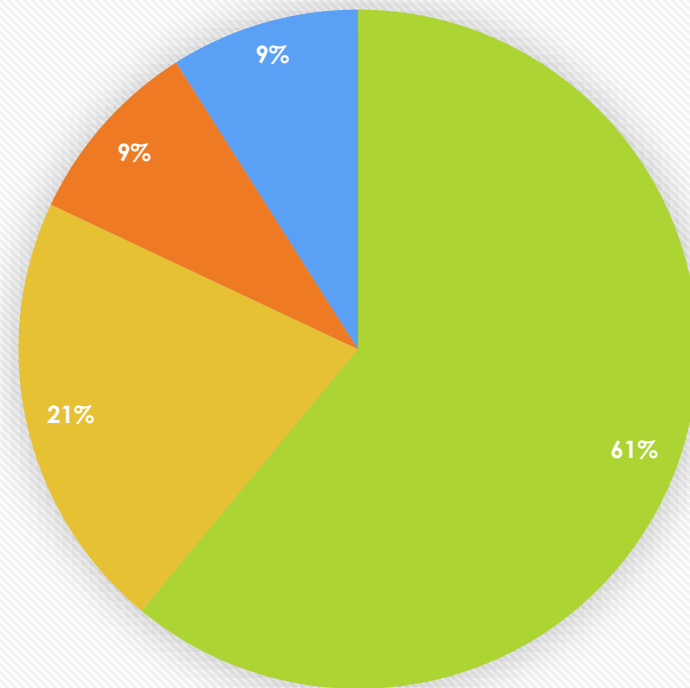
Response Percentage



■ Strongly Agree ■ Agree ■ Disagree ■ Strongly Disagree

Response Percentage to Finance Lecture Syllbus Effect on Business Network

Response Percentage



■ Strongly Agree ■ Agree ■ Disagree ■ Strongly Disagree

Conclusion

- ▶ Students demand is mismatched from general business environment of emerging market conditions.
- ▶ More development oriented Real Estate Business environment makes it even harder to follow up the Real Estate Investment Business Model.
- ▶ Market is moving (little but eventually) to Asset market oriented models but lack of capital and need for foreign investments will contribute less under Basel III on emerging markets
- ▶ We expect more equity/ less financial leverage generated by dept on RED projects

Conclusion

- ▶ GDP/ Mortgage Credits ratio still below %5 and as the volume of this market grow it will enable to debt financing in Turkey more.
- ▶ +10 % rates is expected to happen in 4 -6 years, Lifelong Education Schemes are expected on demand by Alumni and RE Industry.
- ▶ Dynamic 1-3 Months of RE Finance modules should be provided to Professionals upon Basel III requirements is set to be operational

Thank you...

- ▶ Questions & Comments

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