CORE
CONCEPT

Real Estate Development and Investment: Feasibility, Financing and Valuation

15 – 19 March 2027
Barcelona - Eixample district four-star

Real Estate Development and Investment: Feasibility, Financing and Valuation

Ref: 176_10517 **Date:** 15 – 19 March 2027 **Location:** Barcelona - Eixample district four-star **Fees:** 23500 SAR

Introduction:

Development schemes often fail financially long before construction ends: land is bought at a price the scheme cannot support, sales and rent assumptions go untested, and debt and equity are arranged on returns that collapse under a modest delay. This Core Concept course gives a working method for real estate development appraisal, from site and highest-and-best-use analysis through residual land value, development cash flow modelling, funding structures and valuation, to risk testing. Participants produce a Development Appraisal and Investment Committee Paper for a mixed-use scheme.

Course Objectives:

- Apply highest-and-best-use and market study methods to judge whether a site supports a proposed development scheme
- Value completed and development property using sales comparison, income capitalisation and residual methods as set out in IVS and the RICS Red Book
- Build a development cash flow model that reports profit on cost, development yield, IRR and NPV
- Structure a development capital stack combining senior debt, mezzanine and joint venture equity, and assess REITs and real estate funds as capital sources and exit routes
- Test scheme viability with sensitivity and scenario analysis and set controls for off-plan sales receipts and escrow
- Prepare a Development Appraisal and Investment Committee Paper that supports a land bid or funding decision

Target Audience:

- Development staff who assess land opportunities and prepare scheme appraisals
- Investment analysts who model returns on development and income-producing property
- Real estate finance and credit staff who appraise and monitor development loans
- Fund and asset management staff who evaluate acquisitions and forward-funding proposals
- Valuation and advisory staff who prepare development and investment valuations
- Finance staff in landholding organisations who review development proposals before approval

Course Outline:

Day 1: Real Estate Development Process, Investment Vehicles and Market Analysis

- Development Life Cycle Stages from Site Acquisition to Exit
- Real Estate Investment Vehicles: Direct Holding, Joint Ventures, REITs and Real Estate Funds
- Market Study Method: Supply Pipeline, Absorption Rate and Demand Evidence
- Highest and Best Use Test: Legally Permissible, Physically Possible, Financially Feasible, Maximally Productive
- Site Due Diligence Checklist: Title, Zoning, Access and Utilities

Day 2: Valuation Methods and Development Appraisal

- Market Value Definition and Valuation Approaches in IVS and the RICS Red Book
- Sales Comparison Method with an Adjustment Grid for Location, Size and Specification
- Income Capitalisation: Direct Capitalisation of Net Operating Income and Yield Selection
- Gross Development Value Build-Up for Residential, Office and Retail Components
- Residual Land Value Calculation: GDV Less Costs, Fees, Finance and Developer Profit

Day 3: Development Cash Flow Modelling and Return Metrics

- Development Cost Plan: Land, Construction, Professional Fees and Contingency
- Monthly Development Cash Flow with S-Curve Cost Phasing and Sales Timing
- Profit on Cost, Profit on GDV and Development Yield Calculations
- Project IRR, Equity IRR and NPV from the Development Cash Flow
- Finance Cost Calculation with Interest Roll-Up and a Loan Drawdown Schedule

Day 4: Development Capital Stack, Off-Plan Sales and Scheme Risk

- Senior Development Loan Terms: Loan to Cost, Loan to GDV and Interest Cover Covenants
- Mezzanine Finance, Preferred Equity and Layering of the Capital Stack
- Joint Venture Equity Waterfall: Preferred Return, IRR Hurdles and Developer Promote
- Off-Plan Sales, Buyer Payment Plans and Escrow Account Release Controls
- Sensitivity Tables and Scenario Tests for Cost Overrun, Delay and Price Falls

Day 5: Modelling Build: Development Appraisal and Investment Committee Paper

- Mixed-Use Scheme Data Pack Review and Assumptions Book
- Residual Land Bid and Development Cash Flow Model Build
- Financing Structure Selection with Debt and JV Equity Returns Output
- Break-Even Analysis and Scheme Risk Register
- Investment Committee Paper Drafting and Panel Presentation

Skills You Will Gain:

- Highest and Best Use Analysis
- Residual Land Valuation
- Development Cash Flow Modelling
- Return Metrics Interpretation
- Capital Stack Structuring
- JV Waterfall Analysis
- Development Risk Testing
- Investment Committee Reporting

Why Attend This Course:

- Return with a Development Appraisal and Investment Committee Paper built on a mixed-use scheme and challenged by a peer panel
- Set a maximum land bid from market evidence and a residual calculation rather than from the asking price
- Explain to lenders and partners how debt terms, off-plan receipts and the equity waterfall change scheme returns
- Compare appraisal practice with peers from developers, lenders, funds and advisory firms across residential, office and retail schemes

Conclusion:

A development scheme is only as sound as the appraisal behind the land price and the funding. The course moves from the development life cycle, market study and highest-and-best-use test, through valuation methods and residual land value, to cash flow modelling, return metrics, the capital stack, off-plan sales and risk testing. The final day brings these elements together in a Development Appraisal and Investment Committee Paper ready for the next land bid or funding decision.