



# AI122U Real Estate Finance and Investments 7.5 credits

Fastighetsfinansiering och investering

This is a translation of the Swedish, legally binding, course syllabus.

## Establishment

Course syllabus for AI122U valid from Autumn 2018

## Grading scale

P, F

## Education cycle

First cycle

## Main field of study

## Specific prerequisites

## Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

## Intended learning outcomes

- Describe various real estate financing and investment vehicles, concerning both commercial and residential real estate.
- Describe the functions of the financial system and its actors and their roles.
- Analyze the economic consequences of different financing methods to purchase real estate.
- Explain different factors, and how these factors can determine the development of short and long market interest rates, and how changes in interest rates might affect the valuation of debt instruments.
- Describe commonly used financial instruments used for real estate financing and investment purposes.
- Identify and analyze different types of debt-related risks in the real estate market, and how the different risks can be handled.
- Interpret concepts and figures presented in banks' and mortgage lending institutions' financial reports.

## Course contents

The financial system- functions and actors; Financial instruments in the real estate credit market; Term structure of interest rates; short and long-term interest rates; Loans with fixed and floating rate; Net interest income; Deposit and lending margins; Loan types; Financing analysis of debt-financed purchase of residential property; Tax consequences of different funding options; Credit risks; Interest rate risks; Capital requirement, Financial market regulation; Houseprices and credit market; Real estate funds.

## Course literature

Literature is informed at the beginning of the course

## Examination

- INL1 - Project work, 1.5 credits, grading scale: P, F
- TEN1 - Written exam, 6.0 credits, grading scale: P, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

If the course is discontinued, students may request to be examined during the following two academic years.

## Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.