



AI2118 Portfolio Management and Real Estate Finance 7.5 credits

Portfolio Management and Real Estate Finance

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

Establishment

Course syllabus for AI2118 valid from Spring 2011

Grading scale

A, B, C, D, E, FX, F

Education cycle

Second cycle

Main field of study

Specific prerequisites

Investment Analysis (AI1108), Financial Investments (AI2135) and Corporate Finance (AI2144) or equivalent courses.

For single course students:

180 credits (hp) in engineering or economics/business administration/finance including at least 7,5 credits (hp) in financial economics and documented proficiency in English corresponding to English B (TOEFL, IELTS e g).

Language of instruction

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

Intended learning outcomes

Upon completion of the course, students will be able to

- Identify the characteristics of property investments and discuss how they compare to those of other main investment classes
- Build a portfolio optimization model and analyze the effect on the efficient frontier of including real estate in the portfolio
- Analyze opportunities and pitfalls of including real estate in a mixed asset portfolio
- Identify and explain different types of real estate price indices and discuss the pros and cons of different indices
- Critically discuss if and how common asset pricing models can be applied to real estate
- Analyze international real estate investments
- Describe and analyze financing alternatives for real estate investors and developers
- Explain and analyze mortgages and other real estate debt investments from debt investors' perspectives.
- Describe and analyze basic concepts in bond investments, such as duration, interest rate risk, and the yield curve.

Course contents

Fundamentals of real estate financing, real estate portfolio analysis, construction of real estate return series and performance measurement. Characteristics of real estate risk and return. International real estate investments. Asset pricing and real estate. Financing alternatives for real estate investments. Credit and bond markets.

Course literature

Geltner, Miller, Clayton & Eichholts: Commercial Real Estate Analysis & Investments.

Examination

- INL2 - Exercises, 1.5 credits, grading scale: P, F
- TENA - Examination, 6.0 credits, grading scale: A, B, C, D, E, FX, 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.