



AI2147 Commercial Real Estate Investments 7.5 credits

Analys av kommersiella fastighetsinvesteringar

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

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

Establishment

Course syllabus for AI2147 valid from Spring 2011

Grading scale

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

Education cycle

Second cycle

Main field of study

Built Environment

Specific prerequisites

For single course students:

180 credits in Engineering or Economics/Business Administration/Finance including at least 30 credits in Business Administration, or equivalent.

Documented proficiency in English B or equivalent (TOEFL, IELTS e g).

For students in the master programme Real Estate Development and Financial Services:
AI2135 Financial Investments.

Language of instruction

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

Intended learning outcomes

The overall aim of this course is to provide students with good working and theoretical knowledge of the art and science of commercial real estate investment decisions. Students should after this course be able evaluate investments of existing income-producing commercial properties, as well as how to analyze real estate development projects and investments in land.

By the end of this course, students should be able to answer and analyze questions like:

- What investments should the investor make (the investor's investment decision)?
- How do investors determine the price they are willing to pay for a commercial property (estimating the investment value)?
- How should the investors finance the real estate investment (The financing decision)?
- How should a good investment evaluation report be structured?

Students should also be able to develop real estate investment evaluation models in Excel.

Course contents

Real estate investment evaluation process; Market analysis; Real estate as an asset class; Measuring Real estate returns; Cash flow proformas and discount rates; Financial leverage in real estate; Alternative sources of financial and non-financial resources; After-tax investment analysis; Real estate investment capital structure; Real options and land value; Real estate development investment analysis; Excel modelling of real estate investments.

Course literature

Commercial Real Estate - Analysis and Investments: Latest International Edition
By Geltner, Miller, Clayton and Eichholtz

Articles published in academic journals (Free download from KTH library) and other articles that can be downloaded for free.

Examination

- LAB1 - Laboration, 2.5 credits, grading scale: P, F
- TEN1 - Examination, 4.0 credits, grading scale: A, B, C, D, E, FX, F

- ÖVN1 - Assignment, 1.0 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.

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.