



Course syllabus

Fastighetsmarknaden The Real Estate Market

VFTN50, 7,5 credits, A (Second Cycle)

Valid for: 2023/24

Faculty: Faculty of Engineering, LTH

Decided by: PLED L

Date of Decision: 2023-04-20

General Information

Elective for: L5-fe

Language of instruction: The course will be given in Swedish

Aim

The objective of the course is provide students with the tools to be able to understand and assess price formation in the real estate market from an overall perspective, as well as from financial, institutional and private economic perspectives.

Learning outcomes

Knowledge and understanding

For a passing grade the student must

Be able to:

- Understand how yield requirements for any type of investment depend upon the yields that can be received from alternative placements and the risk of the investment;
- Explain the most central results in the modern portfolio choice theory;
- Explain the central moments in the capital market theory concerning assets such as shares and real estate,
- Describe the particular assumptions in the real estate market (real estate deviates in important aspects from other goods and assets) and what these mean for the application of the general capital market theory; and
- Explain how the institutional structure affects the functioning of the real estate market.

Competences and skills

For a passing grade the student must

Be able to:

- Construct an asset portfolio from certain given requirements as to the characteristics of the portfolio;
- Apply the central portions of the capital market theory by evaluating risk;
- Analyze, based on theory, a valuation of real estate as presented in economic reports; and
- Analytically reason concerning the institutional structures that are certain of the assumptions in the real estate market.

Judgement and approach

For a passing grade the student must

Be able to:

- Critically assess the scientific value of official and professional statements as to the value and costs of a real estate property with reference both to theory and valuator; and
- Search and assess materials for further studies as to relevant areas of knowledge within the real estate market.

Contents

The course concerns the real estate market, with emphasis both on real estate and the market, in other words, both general theory as to price formation in the market and the particular characteristics which make the real estate market unique. The first part of the course addresses the time value of capital for cash flows containing a degree of uncertainty. The central moment in the modern portfolio choice theory and capital market theory is reviewed. Fundamental here is diversification through appropriately constructed portfolios and the price setting of risk in according with the CAPM-method. The assumptions for effective markets of different degrees and the logic behind the assumption on non-arbitrage are taken up and discussed. The connection between general capital market theory and practice applied valuation methods are analyzed with the help of current reports and articles.

The particular aspects of real estate, compared with other consumption or savings, are reviewed and analyzed in order to explain that which can appear as household over investment in real estate. The issue of how society's regulation of real estate ownership can be understood as motivated - or not - by the characteristics of real estate is helped with economic theory on transaction costs and collective choices.

The current situation in the real estate market together with current prognoses as to future price developments are discussed from scientific bases. At the last part of the course treats the direct influence on the community as to the character of real estate, through systems of regulation, residential policies or taxes.

Examination details

Grading scale: TH - (U,3,4,5) - (Fail, Three, Four, Five)

Assessment: Participation in project works and a final examination.

The examiner, in consultation with Disability Support Services, may deviate from the regular form of examination in order to provide a permanently disabled student with a form of examination equivalent to that of a student without a disability.

Admission

Admission requirements:

- VFTF05 Real Estate Appraisal or VFTF20 Real Estate Appraisal or VFTF25 Real Estate Valuation and Analysis
- VFTF01 Economics or VFTF35 Economics of the Built Environment
- VFTF01 Economics or VFTF40 Business for the Built Environment

The number of participants is limited to: No

The course overlaps following course/s: VFT015

Reading list

- Geltner/Miller/Clayton/Eichholtz: Commercial Real Estate 3rd ed., Investment & Analysis. OnCourse Learning, 2014, ISBN: 978-1133108825.
- Ingemar Bengtsson: Fastighetsvärdering, Om värdeteori och värderingsmetoder. Studentlitteratur, 2018, ISBN: 978-91-44-08883-9.

Contact and other information

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Course homepage: <http://www.lantm.lth.se>