
Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

JEM 137 Real Estate Investment – state exam questions for academic year 2011/2012

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Question 1. Property markets and market players. Discuss property as an investment class. Describe different types of property markets and property market players.

Question 2. Real estate economics. Characterize supply and demand in property markets and property market imbalances. Present the von Thunen theory, concentric zone t., sector t. and multiple nuclei t.

Question 3. Property valuation. Describe and compare different valuation bases, property valuation methods and various types of yields within a typical yield profile.

Question 4. Property valuation drivers. Identify and compare various drivers of property value drivers. Contrast various return and risk issues.

Question 5. Discounted cash flow. Outline the structure of a DCF model. Discuss (un)levered IRR and explain how sensitivity analysis is performed.

Question 6. Land residual valuation. Outline the structure of a land residual model. Discuss strengths and limitations of residual valuation.

Question 7. Real estate investment vehicles. Compare and differentiate public vs. private and open vs. closed-end fund investment strategies.

Question 8. Debt capital markets. Discuss the reason for and effects of leverage. Identify and discuss various bank covenants.

Question 9. Real estate market derivatives. Discuss motivation for and various strategies used in mortgage secondary markets.

Question 10. Acquisition process. Describe various stages in acquisition process. Discuss the reasons for and typical issues dealt within acquisition due diligence.

Question 11. Portfolio management. Identify and discuss sources of total return. Define risk and describe motivation for diversification. Markowitz model.

Question 12. Risk management. Differentiate systematic and specific risk. Define and differentiate the Sharpe ratio, Jensen's alpha and the Treynor index. Discuss the Monte Carlo simulation.