

## B8336: Real Estate Portfolio Management

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### Course Description

This six-week course (offered B term fall 2018) provides students with an introduction to the challenges and decisions faced by real estate portfolio managers. The focus is “macro” aspects of portfolio management, such as strategy and diversification, rather than buy/hold/sell decisions and business plans for individual assets. Examples include:

- Key decisions that affect performance
- Assessing alpha opportunities
- Evaluating risk-return tradeoffs

After completing this course students will be familiar with issues that arise in constructing and managing a real estate portfolio, including elements of portfolio strategy, managing diversification and liquidity and measuring performance and risk.

**Prerequisite:** Real Estate Finance (B8331) and its prerequisites or successful completion of the REF exemption exam. *There are no exceptions.* (Contact the MBA Real Estate Program office for information on the placement exam.) A course on real estate capital markets (equity and/or debt), while not a prerequisite, is highly recommended. Therefore, for most students, Real Estate Portfolio Management will be taken in the second year. Students who have not taken real estate capital markets should expect to undertake additional readings and preparation.

**Attending the first class session is mandatory.** Since the class meets only six times, roughly 15% of course material will be covered on Day 1. A short assignment will be due at the first session. This assignment will not be graded, but it will count for class participation, and you may be called upon to answer questions about the assignment in class.

### Method of Instruction

Class sessions will be made up of lectures, guest speakers and discussions.

**Pre-Readings:** Pre-reading assignments will be posted to Canvas. All reading assignments must be completed prior to the class session.

## **Expectations and Grading**

I anticipate a grade distribution consistent with that promulgated by GSB for elective courses.

Grading will be based on two components:

### **Written assignments (80%)**

There will be three written assignments. These assignments are done in teams, limited to four members at most. Each team turns in a single paper, and all members receive the same grade for the assignment. The final project will be due after class sessions end. The final project is weighted more heavily than the other two assignments (20/20/40 usually).

The first graded assignment and final case problem likely will be posted on Canvas by the time class begins. You are encouraged to read them in advance.

Written assignments are to be submitted online.

### **Class participation (20%)**

Your participation grade will be based on:

**Participation:** I expect you to contribute to the learning of your classmates, both through class discussion and during the assignments. Expect cold calling. Good participation is defined as:

- On time and present in each class
- Actively participate in class discussions, pulling in insights from readings
- When guests are in the room, be respectful and prepared with thoughtful questions
- Device usage (phones, laptops) will take away from your participation grade

Missing sessions without an approved excuse will adversely affect your grade.

Important: Most guest speakers work for entities with complicated compliance regimes that limit what employees can discuss in public settings. As a result, *class sessions with guest speakers are strictly off the record, and we cannot record the speakers' portions of these class meetings.*

## Fall 2018 Syllabus

*Likely Tuesdays, 9:00am to 12:15pm (location TBD)*

**Please be aware that content order may change from what is printed below.** Changes occur due to guest speaker schedules and instructor adjustments as we progress through the topics. All changes will be announced and posted to Canvas in advance. *However, it is highly unlikely that assignment due dates will vary.*

Guest speakers listed below presented to the class in spring 2018. The same speakers may not be able to participate in fall 2018.

Session 1	10/30	Course Overview and Introduction to Portfolio Management
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1. Course housekeeping
2. What is real estate portfolio management? (Discussion based on pre-reading)
3. Levers of portfolio strategy
4. Simple wisdom

Session 2	11/13	Open-end Core Funds
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1. Guest speaker: (James Glen, PGIM Real Estate)
2. Benchmarking and performance measurement
3. Diversification
4. Liability and liquidity management

Session 3	11/20	Concentrated Portfolios and Capital Structure
<b>Written Assignment Due</b>		Core fund sector rotation analysis

1. Guest speaker: (John Kessler, President & COO, Empire State Realty Trust)
2. Elements of capital structure (REIT example)
3. Strategic considerations in capital structure decisions
4. Discussion of assignment

Session 4	11/27	Higher Risk Real Estate Portfolios
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1. Guest speaker: (Brian Carr, HighBrook Investors)
2. Discussion and takeaways from presentation

- Moving up the risk curve: What is different about running a higher risk strategy?

Session 5	12/04	Managing a Global Portfolio
<b>Written Assignment Due</b>		How much more return should an investor get for more risk?

- Guest speaker: (Manuel (Manny) Casagna, Senior Real Estate Investment Officer, New York State Common Retirement System)
- Discussion and takeaways from presentation
- Discussion of assignment 2

Session 6	12/11	Portfolio Manager Summit

- Presentations by and conversations with real estate portfolio managers: (Nancy Brown, JPMorgan, Ivo de Wit, CBRE Global Investors, Uchi Akeujo, Simon Property Group)
- Course summary and wrap up.

FINAL PROJECT is due on December 18. There is no class meeting that day.