

B8336: Real Estate Portfolio Management

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Course Description

This six-week course (offered A term spring 2017) 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.) Real Estate Capital Markets, while not a prerequisite, is highly recommended. Therefore, for most students, Real Estate Portfolio Management will be taken in the spring of 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 of two or three people. 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 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 these sessions.*

Spring 2017 Syllabus

Tuesdays, 9:00am to 12:15pm, Uris 333 (location subject to change)

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.*

Session 1	01/24	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	01/31	Open-end Core Funds
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1. Guest speaker: TBD
2. Benchmarking and performance measurement
3. Diversification
4. Liability and liquidity management

Session 3	02/07	Concentrated Portfolios and Capital Structure
Written Assignment Due		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	02/14	Higher Risk Real Estate Portfolios
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1. Guest speaker: TBD
2. Discussion and takeaways from presentation
3. Moving up the risk curve: What is different about running a higher risk strategy?

Session 5	02/21	Managing a Global Portfolio
Written Assignment Due		How much more return should an investor get for more risk?

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

Session 6	02/28	Portfolio Manager Summit

1. Presentations by and conversations with real estate portfolio managers: Participants TBD
2. Course summary and wrap up.

FINAL PROJECT is due on March 7. There is no class meeting that day.