Department of Finance and Statistics

INTRODUCTION TO REAL ESTATE
Exam #2: 20.11.2010
Time 4h
Can be used: Calculator
English dictionary if needed

Prof. Austin Jaffe:

1. What role does market information play in evaluating real estate?

2. What is the "commons problem" in urban real estate? Provide 2-3 examples.

3. Prove that the assignment of a property right is equivalent to a one-time wealth transfer when transaction costs are zero.

4. Show how a reduction in transport costs affects bid-rents.

5. Relate the financial opportunity line to the present and future value equations.

6. Prove that the future and present values of single sums are reciprocal relationships.

7. Compare the amortization schedules of fixed-rate and floating-rate mortgages.

8. What role does leverage play in real estate investing?

9. Why might NOI increase over time? Show with an example.

Please answer on separate paper
Prof. Kauko Viitanen: Purchase a real property in Finland?

INTRODUCTION TO REAL ESTATE
Exam #1: 25.9.2010
Time 4h
Can be used: Calculator
English dictionary if needed

Prof. Austin Jaffe:

1. Why is equity-build up not an advantage for real estate investors?

2. "If land is in fixed supply, real estate is a good investment because demand will increase". True or false? Explain.

3. What is the key difference which distinguishes communal and private property rights?

4. What is the relationship between the height of buildings in central locations and the price of gasoline? Explain.

5. Prove that awarding rights to the party who owns the land may not be efficient.

6. What happens to the financial opportunity line if the interest rate changes?

7. Show by example a condition under which BTCF < 0. Can the Before-Tax-IRR be less than After-Tax-IRR? Explain.

8. Why does diversification matter for investors?

9. Can investors get wealthy by substituting debt for equity when making real estate investments? Explain.

Please answer on separate paper
Prof. Kauko Viitanen: The public Land Data Bank in Finland?

Exam 17.4.2010

1. Why is the difference between real estate and real property important?
2. "If real estate investments provide tax shelter benefits, they are likely to earn superior returns compared with other investments" True or false? explain.
3. What is the efficient market hypothesis and what does it have to do with real estate?
4. What role does the right of exclusion play in owning land?
5. If a judge awards a property right to the party who was on the site firts, what impact does this decision have on society?
6. Show how financial markets enable borrowing and lending?
7. "If BTCF < 0, this is a poor investment" True or false? explain.
8. How does diversification help a real estate investor?
9. Show what happens to land values if transport becomes more expensive.
10. Explain the Finnish land data bank system.

Exam 26.9.2009

1. Why is equity-build up not an advantage for real estate investors?
2. "If land is in fixed supply, real estate as an investment will be enhanced". True or false. explain.
3. What is the key difference which distinguishes communal and private property rights?
4. What is the relationship between rents in central locations and the price of gasoline? explain.
5. Prove that awarding rights to the party who owns the land may not be efficient.
6. What happens to the financial opportunity line if the interest rate changes?
7. Show by an example a condition under which BTCF < 0. Can the BTIRR be less than ATIRR? explain.
8. Why does diversification matter for investors?
9. Can investors get wealthy by substituting debt for equity when making real estate investments? explain.
10. What are the main differences between real property and shares (100%) of a mutual real estate company from the investor's point of view?

Department of Finance and Statistics

INTRODUCTION TO REAL ESTATE
Exam 6.10.2008
Time 3h
Can be used: Calculator
                    English dictionary if needed

1. Why is equity-build up not an advantage for real estate investors?

2. What role does market information play in evaluating real estate opportunities?

3. Given the difference between communal and private property rights, why is this difference important?

4. Show why rents increase in central locations as the price of gazoline rises.

5. Prove that awarding rights to the party who owns the land may not be efficient.

6. Relate the financial opportunity line to the present and future value equations.

7. Show by example a condition under which BTCF < 0. Can Before-Tax-IRR be less than After-Tax-IRR? Explain.

8. Why does diversification matter for investors?

9. There is strong empirical evidence on the importance of the institutional environment for economic growth. How do cultural differences affect real estate decisions?

10. Can investors get wealthy by substituting debt for equity when making real estate investments? Explain.

Department of Finance and Statistics

INTRODUCTION TO REAL ESTATE
Exam 17.11.2007
Time 3h
Can be used: Calculator
English dictionary if needed

1. If land is in fixed supply, doesn't it mean that real estate is a good investment?

2. Several of "The Great Myths of Real Estate" hinged upon how much information was known by the decision-maker before the decision was made. Why is the set of information important using the financial economics approach to real estate analysis?

3. Provide 2-3 examples of the "commons problem" in urban real estate.

4. Prove that the assignment of a property right is equivalent to a one-time wealth transfer when transaction costs are zero.

5. Show how a reduction in transport costs affects rents in urban space.

6. Using the financial opportunity line, show what happens if the interest rate changes.

7. Prove that the future and present values of single sums are reciprocal relationships.

8. Compare the amortization schedules of fixed-rate and adjustable-rate mortgages.

9. Why does diversification matter in building a real estate portfolio?

10. Why might NOI increase over time. Show with an example.

HANKEN
Svenska
handelshögskolan

Department of Finance and Statistics

INTRODUCTION TO REAL ESTATE
Exam 20.11.2004
Time 3h
Can be used: Calculator
                English dictionary if needed

1. If land is in fixed supply, doesn't it mean that real estate is a good investment?

2. Several of "The Great Myths of Real Estate" hinged upon how much information was known by the decision-maker before the decision was made. Why is the set of information important using the financial economics approach to real estate analysis?

3. Provide 2-3 examples of the "commons problem" in urban real estate.

4. Prove that the assignment of a property right is equivalent to a one-time wealth transfer when transaction costs are zero.

5. Show how a reduction in transport costs affects rents in urban space.

6. Using the financial opportunity line, show the meaning of present and future values.

7. Prove that the future and present values of single sums are reciprocal relationships.

8. Compare the amortization schedules of fixed-rate and adjustable-rate mortgages.

9. Why does diversification matter in building a real estate portfolio?

10. It has been said that the "revolution in real estate" will be a major development in the world's capital markets in the next few years. Why is this development important?