

**DEPARTMENT OF REAL ESTATE
REAL ESTATE 215/724 FALL 2009**

URBAN REAL ESTATE ECONOMICS

Professor Richard Voith

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Office Hours: Tuesday, 9:15-10:15 SHDH 1469

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This course investigates real estate markets from an urban economics perspective. We will examine the basic forces that result in cities, examine why cities grow where they do, assess forces for decentralization and the patterns of real estate value within cities. The second half of the course focuses on the functioning of real estate markets including residential and commercial sectors. In addition, we examine some impacts that public policy has on urban real estate markets.

Several guest lecturers are scheduled to make presentations.

Format: Classroom lectures, formal class discussions, and guest lecturers.

Students are expected to read, and be prepared to discuss and critique all assigned readings. Three formal class discussions will be held at which time students should be prepared to discuss the each topic. The dates for the class discussions are: 9/29, 10/15, and 11/12.

Course Materials:

Bulk Pack

Urban Economics and Real Estate Markets by DiPasquale and Wheaton

Supplemental Readings Distributed Through Web Cafe.

Grading: First Exam 35 points; Second Exam 40 points; formal class discussions/class participation 15 points; problem sets (at least 2) 10 points.

Course Outline

9/10—9/15 Class 1-2: Introduction to Urban Real Estate Markets

The Nature and Definitions of Urban Areas:

O'Sullivan *Urban Economics* Ch 1. (BP #1)

Voith and Wachter "Urban Growth and Housing Affordability: The Conflict" pp. 1-15. (BP #2)

Oats "An Essay on Fiscal Federalism" pp. 1121-1124, 1130-1131 (BP #3)

O'Sullivan *Urban Economics* Ch 15. (BP #4)

**9/17 Class 3: Why Do Cities Exist?,
Evolve?**

Comparative Advantage
Agglomeration Economies

O'Sullivan Ch. 2, 3. (BP #5)

Strange, "Agglomeration Economies and the Future of Cities." (BP #6)

**9/22—9/24 Class 4-5: Where Do Cities Develop? How Do They Evolve?
Equilibrium Across Cities**

Resource Orientation

Market Areas and Competition

O'Sullivan Ch. 4 (BP #7)

Roback, Jennifer "Wages, Rents and the Quality of Life" (Web Café)

Glaeser, "Urban Colossus: Why is New York America's Largest City
(Web Cafe)

9/29 Class 6 Discussion: How is the Role of Cities Changing?

10/1—10/6 Class 7,8: Urban Land Markets

Monocentric Cities: Rents and Prices

DW Chapter 3

10/8 Class 9 Density and Decentralization

Location Choices of Households

DW Chapter 4

Mieszkowski and Mills, "The Causes of Metropolitan Suburbanization." (BP #8)

10/13 Class 10 Employment Decentralization

Suburbanization of Employment

DW Chapter 5

**10/15 Class 11: Discussion: What are the Key Forces Affecting the Distribution of
Population and Employment?**

10/20 Fall Break

10/22: Class 12: Midterm Review

10/27: Class 13: First Exam

10/29: Class 14: Property and Capital Markets

Rents, Asset Prices and Investment
DW Chapter 1

11/3 Class 15: The Housing Market

The Market for Housing Units and Housing Services
DW Chapter 8
Glaeser and Gyourko “Urban Decline and Durable Housing” (Web Café)

11/5 Class 16: Cyclical Behavior of the Housing Market

Guest Lecturer: Kevin Gillen
Linneman “How We Got Into the Credit Crisis” (Web Café)

11/10 Class 17: Investing in Land

Guest Lectuer: Peter Linneman
Linneman Letter (Web Café)

Guest Lecturer: Peter Linneman

11/12 Class 18: Class Discussion—Housing Affordability

11/17 Class 19 : Suburban Sprawl and Smart Growth

Is Suburban Sprawl Desirable?
Brueckner, “Urban Sprawl: Diagnoses and Remedies” (BP#9)
Voith, “Does the Federal Tax Treatment of Housing Affect the Pattern of Metropolitan Growth” (BP#10)
Voith and Crawford, “Smart Growth and Affordable Housing” (BP #11)
Schill, “Comment” (BP #12)

11/19 Class 20: Non Residential Property Markets

Office and Industrial Markets
DW Chapter 11

11/24 Class 21: Office Development

Guest Lecturer: John Gatuso, Liberty Property Trust

11/26 Thanksgiving

12/1 Class 22: Issues in Local Real Estate Markets: Commercial Corridors and Transportation Oriented Development

Readings to be announced.

12/3 Class 23: Transportation and Real Estate Value

Transportation Investment and Development Patterns

Boarnet and Haughwout, "Do Highways Matter?" (Web Cafe)

Voith, "The Determinants of Metropolitan Development Patterns: What Are the Roles of Preferences, Prices and Public Policies?" (BP #13)

12/8 Class 24 Zoning, Impact Fees, and Land Use Controls

O'Sullivan, Chapter 10, pp. 228-249 (Web Cafe)

Pollakowski and Wachter, "The Effects of Land Use Constraints on Housing Prices." (Web Café)

Fischel, "Do Growth Controls Matter?" (Web Café)

12/10 Class 25: Second Exam