

UNIVERSITY OF PENNSYLVANIA
The Wharton Real Estate Center

Urban Real Estate Economics
Real 215/724
Spring 2012

Professor: Dr. Susan Wachter
Professor of Real Estate and Finance
Office: Vance Hall, Room 430
215-898-6355
Hours: Tuesday 6:00 pm – 7:00 pm
Signup sheet for appointments is available
The Wharton Geospatial Initiative Lab, Fourth Floor, Vance Hall

TA: Office: Vance Hall, Room 434
Hours: Tuesday, 2:00 pm – 4:00 pm

Class Time: Real/Finance 215/724: 12:00-1:30 pm

Course Materials: Required readings are in a Course Packet available at www.study.net.

Readings that are provided in the Course Packet are required of all students and are denoted in the syllabus by the number that corresponds to their order in the packet.

There are several homework assignments. The purpose of these is to review course material and prepare students for the midterm and second exam. These assignments will be marked with a zero, check, or check plus. In addition, there is a Market Analysis Project which will be discussed in class. It will require forming project groups of 4-5 students.

Grades:	First Exam	25%
	Second Exam	25%
	Market Analysis Project	20%
	Project Presentation	10%
	Homework Exercises	10%
	Class Participation	10%

I. INTRODUCTION

Class 1 – Wed 1/11 Property Markets: A Micro and Macro Approach
DiPasquale and Wheaton, Chapter 2 (#1)

Mon 1/16 **NO CLASS (Martin Luther King Jr. Day)**

Class 2 – Wed 1/18 Why Cities Exist and Why the World is Becoming Urban
O'Sullivan, pp. 1-13, 39-44, 49-61 (#2)
O'Sullivan pp. 105-112, 119-122, 132-141 (#8)
Mills and Hamilton, pp.7-20, skim pp. 20-29 (#3)

II. REAL ESTATE MARKET DRIVERS

Class 3 – Mon 1/23 Real Estate Markets: A Macro Approach
Problem Set Introduced
DiPasquale and Wheaton, "The Property and Capital Markets," Chapter 1 (#4)
Wachter and Kroll, "Simple Analytics of Equilibrium and Disequilibrium," pp. 1-17
(#5)

Class 4 – Wed 1/25 Real Estate Markets: Dynamics
Pozdena, Chapter 2 (#6)
Mills and Hamilton, Chapter 10 (#7)

Class 5 – Mon 1/30 Land Value and Regional Growth Drivers
O'Sullivan, pp. 80-87, 105-112, 119-122, 132-141, 153-159 (#8)
Mills and Hamilton, Chapter 5 (#9)
Problem Set #1 Due Today before Class, email to webCafé

III. URBAN LAND RENT AND LAND USE PATTERNS

Class 6 – Wed 2/1 Density and Property Values
DiPasquale and Wheaton, "The Urban Land Market: Rents and Prices," Chapter 3
(#10)
Mills and Hamilton, Chapter 6 (#11)
O'Sullivan, pp.167-197 (#12)

Class 7 – Mon 2/6 Real Estate Market Outlook
Guest Speaker:

Class 8 – Wed 2/8 Suburbanization of Population and Employment
O'Sullivan, pp. 202-223 (#13)
Kain, "The Journey to Work as a Determinant of Residential Location" (#14)
Wheaton, "Income and Urban Residence: An Analysis of Consumer Demand for Location" (#15)

Class 9– Mon 2/13 Forces Impacting Urban Growth Patterns
O'Sullivan, pp. 112-115 (#16)
Voith and Wachter, "Urban Growth and Housing Affordability: The Conflict" (#17)
Problem Set 2 and Project Teams Due Today before Class

IV. REAL ESTATE MARKET ANALYSIS AND APPRAISAL

Class 10 - Wed 2/15 The State of the Real Estate Markets

Guest Speakers

National Office Market Report (webCafé)

Class 11 – Mon 2/20 Appraisals

Lusht, Real Estate Valuation: Principles and Applications, pp. 6-10, Chapters 2, 3, 6 and 25 Skim (canvas)

Linneman, Real Estate Finance and Investment: Risk and Opportunities, pp. 30-31, Chapters 7,9 (#18, #19)

Class 12 – Wed 2/22 Guest Speaker on Projects-Alan Feldman

Introduction of Project and Problem Set 4

Class 13 – Mon 2/27 **Review Class**

Class 14 – Wed 2/29 **Midterm Examination (in class)**

V. REAL ESTATE MARKET CYCLES

Mon 3/5 **NO CLASS (Spring Break)**

Wed 3/7 **NO CLASS (Spring Break)**

Class 15 – Mon 3/12 Market Analysis and Commercial Real Estate Cycles- Guest Speaker

Mueller, “Using Market Cycles in Portfolio Management Strategies” (canvas)

Class 16 –Wed 3/14 Commercial Real Estate Market Analysis

Moody and Wachter, “Forecast of Real and Nominal Rental Rates for Metropolitan Office Markets.” (canvas)

Ambrose, Linneman, and Wachter, “The Wharton Real Estate Index” (#20)

Jan

Class 17 – Mon 3/19 Real Estate Markets: Booms and Busts

Pavlov and Wachter, “Robbing the Bank” (canvas)

Malpezzi and Wachter, “The Role of Speculation in Real Estate Cycles” (#21)

Class 18 – Wed 3/21 Federalism and Devolution: The Impacts on Real Estate Markets

O’Sullivan, pp. 524-539, 512-517, 333-335 (#22)

Tiebout, “A Pure Theory of Local Expenditures” (#23)

Class 19 – Mon 3/26 Guest Speaker

VI. PUBLIC POLICY AND REAL ESTATE MARKETS

Class 20 – Wed 3/28 Land Use Controls, Zoning, Impact Fees, and Sprawl

O’Sullivan, Chapter 10, pp. 228-249 (#24)

Pollakowski and Wachter, “The Effects of Land Use Constraints on Housing Prices”

(#25)

Fischel, “Do Growth Controls Matter?” (#26)

Class 21 – Mon 4/2 Guest Speaker: Mark Zandi

Class 22 – Wed 4/4 Transportation, Taxes, and Urban Development

Abbot, Richmond, Fischel, "The Portland Region: Where City and Suburbs Talk to Each Other - and Often Agree" (#27)
Boarnet and Haughwout, "Do Highways Matter?" (#28)
Voith, "The Determinants of Metropolitan Growth Patterns," pp. 71, 72, 76 – 80 (#29)
O'Sullivan, pp.372-93 (#30)

Class 23 – Mon 4/9 The Future of Cities

Sassen, "Cities in the Global Economy" (canvas)
Glaeser, "How Cities Have Transformed: Turnaround Cities" (canvas)
Porter, "The Competitive Advantage of Cities" (canvas)

Class 24 and 25 – Wed 4/11 and Mon 4/16
Project Presentations

Class 26 – Wed 4/18 Review

Class 27 – Mon 4/23 Second Midterm Examination – In class