

UNIVERSITY OF PENNSYLVANIA  
The Wharton Real Estate Center

**Urban Real Estate Economics**  
REAL 215/724  
Spring 2014

**VERSION AS OF 12/23/2013**

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Office: 432 Vance Hall  
Hours: Thursday 2:00 pm - 4:00 pm (or by Appointment)

Class Meeting: Monday and Wednesday 12:00-1:30 pm  
Huntsman Hall G50

Course Materials: Required readings are in a Course Packet available at [www.study.net](http://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 1/15 Property Markets: A Micro and Macro Approach  
*DiPasquale and Wheaton, Ch. 2*

Mon 1/20 **NO CLASS (Martin Luther King Jr. Day)**

Class 2 – Wed 1/22 Why Cities Exist and Why the World is Becoming Urban  
*O’Sullivan, Ch. 1 & 3, (pp. 1-12, 39-44, 49-51, 53, 56)*  
*Mills and Hamilton, (pp.7-20)*  
*Moretti (pp. 121 – 144)*

## **II. REAL ESTATE MARKET DRIVERS**

Class 3 – Mon 1/27 Real Estate Markets: A Macro Approach  
**Problem Set #1 Introduced**  
*DiPasquale and Wheaton, “The Property and Capital Markets,” Chapter 1*  
*Wachter and Kroll, “Simple Analytics of Equilibrium and Disequilibrium,” (pp. 1-17)*

Class 4 – Wed 1/29 Real Estate Markets: Dynamics  
*Mills and Hamilton, Chapter 10 (p. 201)*  
*Pozdena, Chapter 2*  
*Gyourko and Saiz “Construction Costs and the Demand of Housing Structure” (canvas)*

## **III. URBAN LAND RENT AND LAND USE PATTERNS**

Class 5 – Mon 2/3 Real Estate Markets: Outlook  
**Problem Set #1 Due Today before class on canvas**  
Guest Speaker: Steven Cochrane [*confirmed*]

Class 6 – Wed 2/5 Land Value and Regional Growth Drivers  
*O’Sullivan, Ch. 4, 5, 6 & 7 (pp.119-122, 132-134, 153-154)*  
*Mills and Hamilton, Chapter 5 (pp 85-91)*

Class 7 – Mon 2/10 Density and Property Values  
**Problem Set #2 Introduced**  
*DiPasquale and Wheaton, “The Urban Land Market: Rents and Prices,” Chapter 3*  
*Mills and Hamilton, Chapter 6 (pp. 96-112, 121-123)*  
*O’Sullivan, Ch. 8 (pp.167-197)*

Class 8 – Wed 2/12 Suburbanization of Population and Employment  
*O’Sullivan, Ch. 9, (pp. 202-212)*  
*Kain, “The Journey to Work as a Determinant of Residential Location”*  
*Wheaton, “Income and Urban Residence: An Analysis of Consumer Demand for Location”*

Class 9 – Mon 2/17 Forces Impacting Urban Growth Patterns  
*National Office Market Report (canvas)*

Class 10– Wed 2/19 Land Rents, Value, and Urban Growth  
**Problem Set #2 and Project Teams Due Today before class on canvas**  
*Voith and Wachter, “Urban Growth and Housing Affordability: The Conflict” (canvas)*

#### IV. REAL ESTATE MARKET ANALYSIS AND APPRAISAL

Class 11 – Mon 2/24 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*

Class 12 – Wed 2/26 Market Analysis and Commercial Real Estate Cycles

**Introduction of Project, and Problem Set #3 Due before class on canvas**

Guest Speaker: Glenn Mueller [*confirmed*]

*Mueller, “Using Market Cycles in Portfolio Management Strategies”*

Class 13 – Mon 3/3 Guest Speaker: Alan Feldman [*confirmed*]

**Review Class**

Class 14 – Wed 3/5 **Midterm Examination (in class)**

#### V. REAL ESTATE MARKET CYCLES

Mon 3/10 **NO CLASS (Spring Break)**

Wed 3/12 **NO CLASS (Spring Break)**

Class 15 – Mon 3/17 Commercial Real Estate Market Analysis

*Moody and Wachter, “Forecast of Real and Nominal Rental Rates for Metropolitan Office Markets.” (#18)*

*Ambrose, Linneman, and Wachter, “The Wharton Real Estate Index”*

Class 16 – Wed 3/19 **Initial Presentations of Projects**

Class 17 – Mon 3/24 Real Estate Markets: Booms and Busts

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

*Malpezzi and Wachter, “The Role of Speculation in Real Estate Cycles”*

*Pavlov and Wachter, Real Estate Crashes and Bank Lending (canvas)*

*Herring and Wachter, Bubbles in Real Estate Markets (canvas)*

#### VI. PUBLIC POLICY AND REAL ESTATE MARKETS

Class 18 – Wed 3/26 Transportation, Taxes, and Urban Development

**Problem Set #4 Due Today before class on canvas**

Guest Speaker: Dick Voith [*confirmed*]

*Abbot, Richmond, Fischel, “The Portland Region: Where City and Suburbs Talk to Each Other - and Often Agree”*

*Boarnet and Haughwout, “Do Highways Matter?”*

*Voith, “The Determinants of Metropolitan Growth Patterns,” (pp. 71, 72, 76 – 80)*

Class 19 – Mon 3/31 Guest Speaker: Bob Toll

Class 20 – Wed 4/2 Federalism and Devolution: The Impacts on Real Estate Markets  
*O’Sullivan, Ch. 13, 19 & 20 (pp. 512-517, 333-335)*  
*Tiebout, “A Pure Theory of Local Expenditures”*

Class 21 – Mon 4/7 Land Use Controls, Zoning, Impact Fees, and Sprawl  
*O’Sullivan, Ch. 10, (pp. 228-230)*  
*Pollakowski and Wachter, “The Effects of Land Use Constraints on Housing Prices”*  
*Fischel, “Do Growth Controls Matter?”*

Class 22 – Wed 4/9 Guest Speaker:  
*Arena and Oberholzer-Gee, “Canyon Johnson Urban Fund” (canvas)*

Class 23 – Mon 4/14 The Future of Cities  
*Voith and Wachter, “Urban Growth and the Housing Affordability”*  
*Duranton, “The Growth of Cities in the US,” canvas*  
*Glaeser, “Why Growth,” canvas (optional)*  
*Porter, “Location, Competition, and Economic Development” (canvas)(optional)*  
*Sassen, “The Global City: Introducing a Concept” (canvas)(optional)*

Class 24 and 25 – Wed 4/16 and Mon 4/21  
Guest Speakers and Project Presentations

Class 26 – Wed 4/23 **Review Session**

Class 27 – Mon 4/28 **Second Midterm Examination – In class**