

UNIVERSITY OF PENNSYLVANIA
The Wharton Real Estate Center

Urban Real Estate Economics
Real/Finance 215
Fall 2004

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Office Hours: Tuesday 6:00-7:00 PM and by appointment

The purpose of the course is to provide students with a basic understanding of the economics of cities and of real estate markets. The course will focus both on developing tools for analysis and an information base. The structure of the classes will usually be to use Tuesday class for lecture/discussion of basic principles and Thursday for discussion/participation in the form of discussion of assignment or exploitation of guest lecturers.

There will be homework assignments. These will be done in groups of 5 to 7. Groups will be randomly called upon to make presentations. There will also be a final project to be done by the groups.

You have been assigned two basic texts:

Urban Economics and Real Estate Markets, by Denise DiPasquale and William Wheaton (referred to as “DW”), and

U.S. Housing Markets and Housing Policy, by Richard Green and Stephen Malpezzi (referred to as “GM”).

There will be other readings, which are referred to below and which are your Course Packet. Slides from my class presentations will be posted as they become available.

Grades will be based on

First Exam	30%
Final Exam	30%
Group Project	20%
Homework	10%
Class Participation	10%

I. Introduction

Class 1. Sept 9. (TH)

The Role of Real Estate: Supply and Demand; stocks and flows.

DW Ch.1, 2

Notes on Supply and Demand for Housing

II. Basics of Real Estate Markets

Class 2. Sept. 14. (T)

Basic Model of Real Estate Markets

DW Ch 1

Notes on the Supply and Demand for Housing

Class 3. Sept. 16. (TH)

Problem Set/Organization

Class 4. Sept. 21 (T)

User Cost, Capitalization, Cap Rates and Capital Markets.

Mills and Hamilton, Urban Economics, Ch 10

GM pp55-60

Class 5. Sept. 23 (TH)

Housing Markets

GM Ch. 1 and 2,

DW Ch. 9

III. Urban Economics

Class 6 Sept 28 (T)

Cities and Suburbs

Mills and Hamilton. Introduction.

Sassen, "Cities in a Global Economy"

Mieszkowski and Mills, "The Causes of Metropolitan Suburbanization"

Carlino, "Productivity in Cities: Does City Size Matter?"

Chatterjee, "Agglomeration Economies: The Spark That Ignites the City?"

Class 7 Sept. 30 (TH)

Urban Land Markets

DW Ch. 3

Mills and Hamilton, Ch 6.

Class 8. Oct 5 (T)

Urban Structure

DW Ch. 4

O'Sullivan, Urban Economics, Ch 8.

Carlino, "Trends in Metropolitan Employment and Growth."

Saiz, "The Impact of Immigration on American Cities."

Class 9 Oct 7 (TH)

International Aspects

Guest Lecturer: Robert Buckley, World Bank

IV. Real Estate

Class 10 Oct 12 (T)

Nonresidential Property Markets

DW Ch. 11 and 12

Linneman, Real Estate Finance and Investment, Chs 6-10.

Class 11 Oct 14 (TH)

Guest Developer TBD

Class 12 Oct 19 (T)

Affordable Housing Development

Miles et al. Real Estate Development, Ch15

Guest Lecturer TBD

Class 13 Oct. 21 (TH)

Problem Set /Review

Class 14 Oct 28 (TH)

Exam

Class 15 Nov. 2 (T)

Appraisal

*Lusht, Real Estate Valuation: Principles and Applications,
pp 6-10, Chapters 2,3,6 and 25*

GM, 41-48.

Malpessi, "Hedonic Pricing Models: a Selective and Applied Review"

Class 16 Nov. 4 (TH)

Guest Lecturer

Class 17 Nov 9 (T)

Cycles, Bubbles

DW Ch. 10

Herring and Wachter, "Real Estate Booms and Banking Busts-An International Perspective."

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

Class 18 Nov. 11 (TH)

Guest Lecturer: Frank Nothaft, Chief Economist, Freddie Mac

V. Public Policy

Class 19 Nov. 16 (T)

Housing Policy

GM Chs 3,4

Class 20 Nov. 18 (TH)

Guest Lecturer

Class 21 Nov 23 (T)

State and Local Public Policy

DW Ch. 13,14

Tiebout, "Theory of Local Expenditures"

Wasylenko, "Taxation and Economic Development."

Class 22 Nov. 30 (T)

Land Use and Sprawl

Voith, "The Determinants of Metropolitan Development Patterns."

Brueckner, "Urban Sprawl: Lessons from Urban Economics"

Fischel "Do Growth Controls Matter?"

Polakowski and Wachter, "The Effects of Land Use Constraints on Housing Prices.""

Lang, "Office Sprawl: The Evolving Geography of Business"

Class 23 Dec 1 (TH)

Problem Set/Review

VI. Presentations

