

UNIVERSITY OF WASHINGTON
REAL ESTATE DEPARTMENT

RE 516/URBDP 516: Introduction to Real Estate Economics and Market Analysis Spring 2021

Professor:	Arthur Acolin Assistant Professor of Real Estate acolin@uw.edu Office Hours: Tuesday 1:00-2:00p by Zoom and by appointment (email me if none of the available time work for you).
Class Meeting:	Tuesday and Thursday 2:00-3:50p Zoom Meeting: https://washington.zoom.us/j/97955897638?pwd=dk9mcXpGQzlodG9VYVViMlZzbG1PZz09 Course will be taught synchronously and participation during class time is encouraged.

Grades:	Deliverables	%	Deadline
	Group Assignment #1	4%	4/26
	Exam	20%	5/6
	Group Assignment #2	4%	5/17
	Draft of Project Presentation	4%	5/27
	Project Presentation	20%	6/1 or 6/3
	Market Analysis Report	20%	6/8
	Quizzes	24%	Start 4/6
	Leading Class Discussion	4%	Start 4/6

Course Description

The course is designed to introduce students to the urban land market and the economic, spatial, and institutional contexts in which sites and properties are embedded. It is a core course in the MSRE, an optional course for students in the MUP program and a part of the Graduate Certificate in Real Estate. The course will hopefully be valuable for students from other disciplines interested in the dynamics of urban real estate markets, urban land use and the fundamentals of market analysis.

The classes will be taught remotely in Spring 2021.

Student Learning Objectives

The course aims to provide students with the knowledge and analytical tools necessary to conduct market analysis as well as to become informed and critical users of market data and studies.

1. Understand dynamic spatial and economic contexts in which sites are situated
2. Knowledge of the rationale that drives different types of land users locational decisions
3. Develop the ability to critically assess a site's location and productive potential
4. Gain an understanding of the market analysis process, forecasting techniques and the role market analysis plays in the real estate process
5. Develop the ability to design and conduct a real estate market analysis and to critically evaluate market studies prepared by others
6. Become familiar with real estate market data sources and their limitations

Course Requirements: The grade for the course is based on 10 Quizzes, 2 groups assignments, 1 final project and presentation as well as leading a class discussion.

Assignments:

- **Exam:** The midterm exam will be held on 5/6. It is a timed open book exam, combining short answer and multiple choice questions. Some calculations might be necessary. It will last up to the entire 1 hour and 50 minutes of the session.
- **Quizzes:** For most classes there is a short quiz that covers the required readings and PowerPoints for that class. The quiz must be taken on Canvas and you will be given 20 minutes to complete the quiz. The quiz should be taken after you have completed reviewing the resources for each module. The quiz for each class is available as soon as the prior class ends and up to 30 minutes before classes start. The quiz must be taken in one sitting and you must complete the quiz on your own. You may not share the quiz questions and answers. There are no make-up quizzes since you may take the quiz at any time between classes and only the highest 10 quiz scores will be counted toward your grade.
- **Group Assignments:** There are two group assignments. Their purpose is to get you to work towards producing the elements of the market analysis for the final project.
- **Leading Class Discussion:** Starting on 4/6, students will be responsible for leading a discussion of the readings for 15-20 minutes. For the session they sign up for, students will need to prepare at least 2 discussion questions from the readings (please coordinate your questions and what you plan on discussing among those of you in the same session). Feel free to bring in additional readings and concrete examples to illustrate the assigned readings.
- **Final Project:** The final project will be a comprehensive market analysis to support a proposal to attract investors for the development of a specific project working in groups of 4-5 students. Students will have the choice to pick their own site or work on a site identified by a professional developer. More details will be provided in class.

Graduate Course Evaluation

	Number of Points	Number of Assignments	Total Points	Percent Total
Exam	100	1	100	20%
Quizzes	12	10	120	24%
Group Assignments	20	2	40	8%
Leading Class Discussion	20	1	20	4%
Final Project: Draft	20	1	20	4%
Final Project: Presentation	100	1	100	20%
Final Project: Report	100	1	100	20%

Graduate Grading Scale:

A	4.0	96% and above
	3.9	93-95%
A-	3.8	92%
	3.7	91%
	3.6	90%
	3.5	89%
B+	3.4	88%
	3.3	87%
	3.2	86%
	3.1	85%
B	3.0	84%
	2.9	83%
B-	2.8	82%
	2.7	81%
	2.6	80%
	2.5	79%
C+	2.4	78%
	2.3	77%
	2.2	76%
	2.1	75%
C	2.0	74%
	1.9	73%
C-	1.8	72%
	1.7	71%
E	1.6	70% and below

<https://grad.uw.edu/policiesprocedures/graduate-school-memoranda/memo-19-gradingsystem-for-graduate-students/> A minimum of 2.7 is required in each course that is counted toward a graduate degree.

Course Materials

No textbook are required for this course. The Real Estate Economics portion of the courses uses several chapters from: Arthur O'Sullivan. Urban Economics. The chapters used will be posted on canvas. Can also be purchased (older editions are fine). You are encouraged to do the exercises associated with each chapter if some of the content seems challenging. I am happy to discuss these in class or during office hours.

The Market Analysis portion of the course uses chapters from: Deborah Brett. Real Estate Market Analysis. The chapters used will be posted on canvas. Can also be purchased (older editions are fine). Other required and optional readings are web-based or available in module for the class on the Canvas site. Complementary but not mandatory reading material indicated by (*optional*).

Class Attendance and Classroom Etiquette: There is no strict attendance policy in this class since I expect you to be able to determine whether or not attending is of value for you. Particularly given the circumstances, please contact me if an emergency or sickness prevents you from attending a session or submitting assignments on time.

Meeting Protocol for the Virtual Classroom

The meetings have been setup so that you may arrive early and when you arrive, you will be immediately in the “classroom”. Zoom is integrated to Canvas and you should have received a meeting notice for our first class. If not, please let me know. Recordings will also be added to canvas directly for those of you who may not be able to attend at the scheduled time but please try to make it to the synchronous session so that there can be some interactions. For the session in which you will be leading the discussion of the readings, I expect you to attend at the scheduled time but let me know as soon as possible if that is not possible.

During class

- Muting and unmuting your mic – Your microphone is set on mute upon signing in – Please unmute yourself to speak. Mute your mic when you are not speaking in order to cut down on ambient feedback and other unwanted background noises.
- Start Video – Your video is on by default at the start of the class. Please keep the camera on during class time if you are able to especially during a discussion. It’s important for class engagement when we can see each other.
- Chat – We will use it from time to time during the class time for discussion and feedback. You may use the Chat function to communicate with each other or everyone on matters related to the class.
- Raise Hand – During the discussion, use the Raise Hand button, or actually raise your hand to get my attention if you wish to speak.
- Share Screen – When presenting using PowerPoint or another application, share the application only rather than your desktop to protect your privacy.

Recording

This course is scheduled to run synchronously at your scheduled class time via Zoom. These Zoom class sessions will be recorded. The recording will capture the presenter’s audio, video and computer screen. Student audio and video will be recorded if they share their computer audio and video during the recorded session. The recordings will only be accessible to students enrolled in the course to review materials. These recordings will not be shared with or accessible to the public.

The University and Zoom have FERPA-compliant agreements in place to protect the security and privacy of UW Zoom accounts. Please let me know if you have concerns about being recorded and the use of the recording. Students who do not wish to be recorded should:

- Change their Zoom screen name to hide any personal identifying information such as their name or UW Net ID, and
- Not share their computer audio or video during their Zoom sessions.

Academic Integrity: Students are expected to adhere to the UW's code of conduct. The student conduct code requires students to practice "high standards of academic and professional honesty and integrity." Students engaging in academic misconduct, and particularly, plagiarism will be referred to the Dean's office for further investigation. VeriCite is used in Canvas for all written assignments and plagiarism will not be tolerated in this course. If you use more than 5 words in a row from another document without quotation marks, even if you include the source in parentheses, this is considered plagiarism. Exact language must be in quotes and quotes are to be used sparingly. I must report plagiarism and it will result in an investigation that can lead to disciplinary sanctions. Please read the UW Student Conduct Code which can be found here: <http://www.washington.edu/cssc/for-students/student-code-of-conduct/> and pay attention to the academic misconduct section: <http://www.washington.edu/cssc/for-students/academic-misconduct/>. Do not hesitate to ask if you are unsure about what constitutes plagiarism.

Late assignments: Late assignments will not be accepted.

Accommodations based on ability: The UW Disability Resources for Students (DRS) office (<http://depts.washington.edu/uwdrs/>) is there to help you find solutions for physiological and psychological challenges to your educational goals. Please let me know how I can work with you and the DRS to help you. If you have a letter from the office of DRS indicating you have a disability that requires academic accommodations, please present it to me as soon as possible so we can discuss specific accommodations for this course.

Student Athletes: Student athletes who have conflicts with attending any lecture or submitting any assignment should submit a list of such conflicts along with a letter from the athletics department. Reasonable accommodations will be provided for any student athlete who follows this guideline.

Student Safety: Students are advised to refer to UW policies and procedures to ensure their safety and security on campus. For more information, go to: <http://www.washington.edu/safecampus/>. To report threats, seek advice, or get counseling, dial 206-685-SAFE (7233).

Religious Accommodations: Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy](https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/) (<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>). Accommodations must be requested within the first two weeks of this course using the [Religious Accommodations Request form](https://registrar.washington.edu/students/religious-accommodations-request/) (<https://registrar.washington.edu/students/religious-accommodations-request/>).

I. MICROECONOMIC PRINCIPLES AND WHY CITIES EXIST

Class 1 – Tue. 3/30 Introduction and Economics Principles

Econ refresher: CORE, Ch. [7-1 to 7-9](#) and [8-1 to 8-10](#) (open online access)

Class 2 – Thu. 4/1 Why Cities Exist

O'Sullivan, Ch. 1 (pp. 1-12)(skim) and 2

Mills and Hamilton, (pp.7-29)

Lin, *Geography, History, Economies of Density, and the Location of Cities* (optional)

II. REAL ESTATE MARKET DRIVERS

Class 3 – Tue. 4/6 Real Estate Markets: A Micro and Macro Approach

Quiz 1

DiPasquale and Wheaton, Ch. 2

Brett, Ch. 1

Mueller, [Real Estate Market Cycle Monitor](#)

Class 4 – Thu. 4/8 Real Estate Markets: A Macro Approach

Quiz 2

DiPasquale and Wheaton, Ch. 1

Brett, Ch. 2

Class 5 – Tue. 4/13 Real Estate Markets: Dynamics

Quiz 3

Wachter and Kroll, *Simple Analytics of Equilibrium and Disequilibrium*, (pp. 1-17)

Mills and Hamilton, Ch. 10 (p. 201)

Gyourko and Saiz *Construction Costs and the Demand for Housing Structure* (optional)

Guest Speaker: Carolyn Davis

III. URBAN LAND RENT AND LAND USE PATTERNS

Class 6 – Thu. 4/15 Local Multipliers

Quiz 4

O'Sullivan, Ch. 5 (pp. 94-96)

Moretti, *Local Multipliers*

Group Project #1 Introduced

Class 7 – Tue. 4/20 **Introduction of Project**

Guest Speaker: Daniel Gallagher

Class 8 – Thu. 4/22 Land Value and Regional Growth Drivers

Quiz 5

O'Sullivan, Ch. 5

Mills and Hamilton, Ch. 5 (pp 85-91)

ULI-The Urban Land Institute (2021). [Emerging Trends in Real Estate United States and Canada](#). (Ch. 1 and any you find interesting)

Guest Speaker: Ed McGovern

Mon. 4/26 **Group Project #1 Due on canvas by 11:59pm**

Class 9 – Tue. 4/27 Rent Distance Function and Land Value

Quiz 6

O'Sullivan, Ch. 6 (pp. 127-145)

DiPasquale and Wheaton, Ch. 3

Mills and Hamilton, Ch. 6 (pp. 96-112, 121-123)

Class 10 – Thu. 4/29 Suburbanization of Population and Employment

Quiz 7

O'Sullivan, *Ch. 7*

Voith and Wachter, *Urban Growth and Housing Affordability: The Conflict*

The Economist, *The Paradox of Soil*

Wheaton, *Income and Urban Residence: An Analysis of Consumer Demand for Location (optional)*

Guest Speaker: Dave Messner

Class 11 – Tue. 5/4 Review Session

Class 12 – Thu. 5/6 **Exam**

IV. REAL ESTATE MARKET ANALYSIS AND APPRAISAL

Class 13 – Tue. 5/11 Appraisals, Market Feasibility Analysis, and Market Metrics

Quiz 8

Linneman, *Real Estate Finance and Investment: Risk and Opportunities. Ch. 7*

Group Project #2 Introduced

Class 14 – Thu. 5/13 Residential Real Estate Market Analysis

Quiz 9

Matthew Gardner, [Western Washington Report](#) and [2021](#) and [2020 Forecast](#)

How to Analyze Supply and Demand For Apartment Buildings:

<https://propertymetrics.com/blog/how-to-analyze-supply-and-demand-for-apartment-buildings/>

Mon. 5/17 **Group Project #2 Due on canvas by 11:59pm**

Class 15 – Tue. 5/18 Commercial Real Estate Market Analysis

Quiz 10

Moody and Wachter, *Forecast of Real and Nominal Rental Rates for Metropolitan Office Markets*

Guest Speaker: Alex Banchero

V. REAL ESTATE MARKET CYCLES

Class 16 – Thu. 5/20 Interaction between Development and Business Cycle

Quiz 11

Herring and Wachter, *Bubbles in Real Estate Markets*

Mueller, *Using Market Cycles in Portfolio Management Strategies*

Levitin and Wachter, *Explaining the Housing Bubble (first 2 sections, pages 60-67 (CRE) and 30-37 (RRE), skim rest)*

VI. PUBLIC POLICY AND REAL ESTATE MARKETS

Class 17 – Tue. 5/25 Federalism, Land Use Controls, Zoning, Impact Fees, and Sprawl

Quiz 12

O'Sullivan, *Ch. 9 (240-242)*

Furman, *Barriers to Shared Growth*

Fischel, *The Rise of the Homevoter*

Tiebout, *A Pure Theory of Local Expenditures (optional)*

Guest Speaker: Mike Eriksen

Class 18 – Thu. 5/27 Future of Urban Spaces

Quiz 13

Duranton, The Growth of Cities in the US

Couture and Handbury, *Urban revival in America, 2000 to 2010*

Draft of slides for presentation due on canvas by 11:59pm

Class 19 – Tue. 6/1 **Project Presentations I**

Guest Speaker: Daniel Gallagher

Class 20 – Thu. 6/3 **Project Presentations II**

Thu. 6/8 – **Final report due on canvas by 11:59pm**