Professor: Dr. Susan Wachter  
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Vance Hall, Room 430  
Hours: Tuesday 6:00 pm – 7:00 pm

TA:  
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Vance Hall, Room 434  
Hours: Thursday 3:00 pm – 4:00 pm

Class Meeting:  
Monday and Wednesday 12:00-1:30 pm  
Huntsman Hall 360

Course Materials: Class readings can be found in the Course Packet available at www.study.net or on the course Canvas site. All readings are required, unless otherwise noted.

Assignments:  
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 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 1/10 Introduction
DiPasquale and Wheaton, Ch. 2

Mon 1/15 NO CLASS (Martin Luther King Jr. Day)

Class 2 - Wed 1/17 Why Cities Exist and Why the World is Increasingly Urban
Moretti, Forces of Attraction (pp. 121 – 144)
Mills and Hamilton, Chapter 4 (pp. 81-91)
O’Sullivan, Ch. 2 (pp. 17-24), Ch. 3 (pp.45-52, 57-63, optional)
Mills and Hamilton (optional)
Lin, Geography, History, Economies of Density, and the Location of Cities (optional)
Duranton, Urban Evolutions: The Fast, the Slow, and the Still (optional)

II. REAL ESTATE MARKET DRIVERS

Class 3 – Mon 1/22 Real Estate Markets: A Macro Approach
Problem Set #1 Introduced
DiPasquale and Wheaton, The Property and Capital Markets, Chapter 1 (pp. 10-33)
Wachter and Kroll, Simple Analytics of Equilibrium and Disequilibrium, (pp. 1-17)

Class 4 – Wed 1/24 Real Estate Markets: Outlook
Guest Speaker: Steven Cochrane
Cochrane et al., Central Cities and Metropolitan Areas: Manufacturing and Nonmanufacturing Employment as Drivers of Growth

Class 5 – Mon 1/29 Real Estate Markets: Dynamics
Mills and Hamilton, Chapter 10 (p. 201)
Pozdena, Chapter 2
Gyourko and Saiz, Construction Costs
Knoll et al. (optional)

III. URBAN LAND RENT AND LAND USE PATTERNS

Class 6 – Wed 1/31 Land Value and Regional Growth Drivers
Problem Set #1 due today before class on canvas
Mills and Hamilton, Chapter 5 (pp 85-91)

Class 7 – Mon 2/5 Density and Property Values
Problem Set #2 Introduced
DiPasquale and Wheaton, The Urban Land Market: Rents and Prices, Ch. 3, pg. 35-46
Mills and Hamilton, Chapter 6 (pp. 107-122)
O’Sullivan, Ch. 6 (pp.127-145)

Class 8 – Wed 2/7 Suburbanization of Population and Employment
DiPasquale and Wheaton, The Urban Land Market: Rents and Prices, Ch. 3, pg. 46-58
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 2/12  Land Rents, Value, and Urban Growth
**Problem Set #2 due today before class on canvas**
Voith and Wachter, *Urban Growth and Housing Affordability* (canvas)

IV. REAL ESTATE MARKET ANALYSIS AND APPRAISAL

Class 10 – Wed 2/14  Appraisals, Market Feasibility Analysis, and Market Metrics
Appraisal Institute, *Understanding the Appraisal*
Linneman, *Real Estate Finance and Investment: Risk and Opportunities*, (pp. 30-31), *Ch. 7, and Ch. 9*

Class 11 – Mon 2/19  Market Analysis and Commercial Real Estate Cycles

Class 12 – Wed 2/21  Market Analysis for Commercial Real Estate Projects
Guest Speaker: Alan Feldman
**Project Name, Team, Concept/Thesis due today**
Mueller, *Using Market Cycles in Portfolio Management Strategies*

Class 13 – Mon 2/26  **Review Session**

Class 14 – Wed 2/28  **First 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: Glenn Mueller
Mueller, *Using Market Cycles in Portfolio Management Strategies*
*Current Market Cycles*

Class 16 – Wed 3/14  Commercial Real Estate Market Analysis
**Problem Set #3 Introduced**
Moody and Wachter, *Forecast of Real and Nominal Rental Rates for Metropolitan Office Markets*
Ambrose, Linneman, and Wachter, *The Wharton Real Estate Index*

Class 17 – Mon 3/19  Historical Real Estate Cycles and What Do We Learn
Levitin and Wachter, *Explaining the Housing Bubble*
Levitin, Pavlov, Wachter, *Securitization: Cause or Remedy of the Financial Crisis?“*
Levitin and Wachter, *The Commercial Real Estate Bubble* (skim)

**Problem Set #3 Due today before class on canvas**
Pavlov and Wachter, *Robbing the Bank*
Malpezzi and Wachter, *The Role of Speculation in Real Estate Cycles*
Pavlov and Wachter, *Real Estate Crashes and Bank Lending*
Herring and Wachter, *Bubbles in Real Estate Markets*
VI. PUBLIC POLICY AND REAL ESTATE MARKETS

Class 19 – Mon 3/26  Federalism and Devolution: The Impacts on Real Estate Markets
O’Sullivan, Ch. 17, (pp 442-443)
Tiebout, A Pure Theory of Local Expenditures

Class 20 – Wed 3/28  Transportation, Taxes, and Urban Development
Guest Speaker: Dick Voith
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 21 – Mon 4/2  Guest Speaker: Ari Shalam
3-Minute Initial Feasibility Presentation on Final Project due today
Ari Shalam, ‘Which Deal is Better?’

Class 22 – Wed 4/4  Land Use Controls, Zoning, Impact Fees, and Sprawl
O’Sullivan, Ch. 9, (pp. 240-242)
Pollakowski and Wachter, The Effects of Land Use Constraints on Housing Prices
Fischel, Do Growth Controls Matter?
World Bank Report, Reforms in Land Use and Local Finances Will Help Make China’s Urbanization More Efficient

Class 23 – Mon 4/9  Preliminary Project Presentations
Guest Speaker: Alan Feldman

Class 24 – Wed 4/11  Guest Speaker: Bobby Turner
Canyon-Johnson HBS Case Write-Up due today before class on canvas
Arena and Oberholzer-Gee, Canyon Johnson Urban Fund HBS Case

Class 25 – Mon 4/16  The Future of Cities
Duranton, The Growth of Cities in the US
Glaeser, Why Growth, (optional)
Porter, Location, Competition, and Economic Development (optional)
Sassen, The Global City: Introducing a Concept (optional)

Class 26 – Wed 4/18  Review Session

Class 27 – Mon 4/23  Shark Tank Presentations

Class 28 – Wed 4/25  Second Examination (in class)

Wed 5/2 – FINAL PAPER DUE on CANVAS