Professor: Dr. Susan Wachter  
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Hours: Tuesday 6:00 pm – 7:00 pm

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Hours: TBD

Class Meeting: Monday and Wednesday 12:00 pm – 1:30 pm  
Huntsman Hall G55

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 1/15  Introduction
DiPasquale and Wheaton, *The Operation of Property Markets*, Ch. 2

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

Class 2 - Wed 1/22  Why Cities Exist and the World is Increasingly Urban
Problem Set #1 Introduced
O’Sullivan, *Why do cities exist?* Ch. 2 (pp. 17-24; pp. 81-83, 88-91)
Badger, *What Happens When the Richest U.S. Cities Turn to the World?* (optional)
Mills and Hamilton (pp. 7-10, 15-16, 201)

II. REAL ESTATE MARKET DRIVERS

Class 3 – Mon 1/27  Real Estate Markets: A Macro Approach
DiPasquale and Wheaton, *The Property and Capital Markets*, Ch. 1 (pp. 10-33)
Wachter and Kroll, *Simple Analytics of Equilibrium and Disequilibrium*, (pp. 1-17)

Class 4 – Wed 1/29  Real Estate Markets: Outlook
Guest Speaker: Mark Zandi

Class 5 – Mon 2/3  Real Estate Markets: Dynamics
Problem Set #1 due today before class on canvas
Malpezi & Wachter, *Housing Demand* (last page)
Pozdena, *Determinants of Housing Demand*, Ch. 2 (p.19-25)
Gyourko and Saiz, *Construction Costs* (skim)
Saiz, *The Geographic Determinants of Housing Supply* (skim)
Knoll et al. (optional)

III. URBAN LAND RENT AND LAND USE PATTERNS

Class 6 – Wed 2/5  Land Value and Location
Mills and Hamilton, *Introducing Land and Land Rents into Price Theory*, Ch. 5(pp. 85-91)
DiPasquale and Wheaton, *The Urban Land Market: Rents and Prices*, Ch. 3

Class 7 – Mon 2/10  Density and Property Values
Problem Set #2 Introduced
Mills and Hamilton, *Chapter 6: Households in an Urban Spatial Context* (pp. 107-122)
O’Sullivan, *Chapter 6: Urban Land Rent* (pp.127-145)
Wheaton, *Income and Urban Residence: An Analysis of Consumer Demand for Location*

Class 8 – Wed 2/12  Land Rents, Property Value, and Urban Growth
Voith and Wachter, *Urban Growth and Housing Affordability*
Kain, *Journey to Work as a Determinant of Residential Location*
Edlund, *Bright Minds, Big Rent: Education and the Rising Returns to Skill*
Moretti, *Forces of Attraction* (pp. 121 – 144)

Class 9 – Mon 2/17  Urban Revival in America
Guest Speaker: Jessie Handbury
Problem Set #2 due today before class on canvas
IV. REAL ESTATE MARKET ANALYSIS, APPRAISAL AND CYCLES

Class 10 – Wed 2/19 Market Feasibility Analysis and Appraisal
   Linneman, *Real Estate Finance and Investment: Risk and Opportunities*, Ch. 7 and Ch. 9
   Appraisal Institute, *Understanding the Appraisal*

Class 11 – Mon 2/24 Guest Speaker: Ari Shalam INTRO TO FEASIBILITY ANALYSIS
   Case write-up due today
   Project Name, Team, and Concept to be presented today

Class 12 – Wed 2/26 Commercial Real Estate Market Analysis and Cycles
   Linneman and Kirsch, *Real Estate Cycle*
   Orlando and Wachter, *Booms and Busts in Real Estate*

Class 13 – Mon 3/2 Review

Class 14 – Wed 3/4 First Examination (in class)

Mon 3/11 NO CLASS (Spring Break)

Wed 3/13 NO CLASS (Spring Break)

Class 15 – Mon 3/16 Commercial Real Estate Cycles
   Guest Speaker: Glenn Mueller

Class 16 – Wed 3/18 Historical Real Estate Cycles: What Do We Learn
   Problem Set #3 Introduced
   Linneman and Kirsch, *What Determines Cap Rates*
   Herring and Wachter, *Real Estate Booms and Banking Busts*
   Ambrose, Linneman, and Wachter, *The WRE Index*
   Initial Feasibility Presentation Draft Slides due 3/25

Class 17 – Mon 3/23 Real Estate and Financial Crises
   Problem Set #3 due today before class on canvas
   Levitin and Wachter, *The Commercial Real Estate Bubble*
   Malpezzi and Wachter “The Role of Speculation in Real Estate Cycles”
   Pavlov and Wachter, *Robbing the Bank*
   Pavlov and Wachter, *Real Estate Crashes and Bank Lending*
   Levitin and Wachter, *Explaining the Housing Bubble*
   Levitin, Pavlov, Wachter, *Securitization: Cause or Remedy of the Financial Crisis?*

Class 18 – Wed 3/25 Group Feasibility Presentation today
V. REAL ESTATE MARKETS: THE IMPACT OF PUBLIC POLICY

Class 19 – Mon 3/30 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 4/1 Transportation, Taxes, and Urban Development
Guest Speaker: Dick Voith
Nathan Baum Snow, Did Highways Cause Suburbanization?
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 4/6 Practice Final Group Presentation

Class 22 – Wed 4/8 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: Which Deal is Better?”

Class 23 – Mon 4/13 Land Use Controls and Zoning
O’Sullivan, Land Rent and Landuse Patterns, 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 24 – Wed 4/15 The Future of Cities (1)
Duranton, The Growth of Cities in the US

Class 25 – Mon 4/20 The Future of Cities (2)
Glaeser, Why Growth
Porter, Location, Competition, and Economic Development
Sassen, The Global City: Introducing a Concept

Class 26 – Wed 4/22 Shark Tank Presentations

Class 27 – Mon 4/27 Review Class

Class 28 – Wed 4/29 Second Examination (in class)

Wed 5/6 – FINAL GROUP PROJECT PAPER DUE on CANVAS