

DEREE COLLEGE SYLLABUS FOR: EC 3225 REAL ESTATE ECONOMICS

(Updated Fall 2021)

UK LEVEL: 5
UK CREDITS: 15
US CREDITS: 3/0/3**PREREQUISITES:**EC 1000 Principles of Microeconomics
EC 1101 Principles of Macroeconomics**CATALOG DESCRIPTION:**

Real estate in the wider economy; the housing wealth effect. Supply & Demand. Real estate as investment; property valuation, the cap rate and its cycle. The development process. Real estate market equilibrium as a capital stock adjustment. Housing finance. Bid-rent (bid-price) curves and land-use patterns. Real estate price bubbles. Real estate price indices.

RATIONALE:

The course enhances the employment opportunities of economics graduates in the real estate sector (e.g., in property investment companies, property mutual funds, real estate brokers, banks, insurance companies, big construction companies), and also prepares them to pursue post-graduate studies in the fields of urban or regional economics or property finance and investment.

LEARNING OUTCOMES:

As a result of taking the course, students will be able to:

1. Demonstrate knowledge of the operation of the forces of supply and demand in a RE market, focusing on the housing wealth effect.
2. Demonstrate understanding of the mechanics of housing finance, types of housing loans, and mortgage securitization.
3. Analyse RE as investment, define and explain the cap rate and RE price bubbles.
4. Explain and demonstrate how equilibrium may be achieved in a RE market as a capital stock adjustment, as well as the meaning of bid-rent (bid-price) curves and their role in forming an urban land-use pattern.
5. Describe the purpose and show basic understanding of property price indices, as well as the main problems of each.

METHOD OF TEACHING AND LEARNING:

In congruence with the learning and teaching strategy of the college, the following tools are used:

- Classes consist of lectures and class discussions of recent articles in economic journals assigned by the instructor.
- Office hours: students are encouraged to make full use of the office hours of their instructor, where they can ask questions and go over lecture material.
- Use of Blackboard, where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.

ASSESSMENT:**Summative:**

	<table border="1" data-bbox="542 205 1333 478"> <tr> <td data-bbox="542 205 1143 342">1st assessment: In-class written examination (One-hour, closed book, problems/essays/multiple choice/true-false combination)</td> <td data-bbox="1143 205 1333 342">40%</td> </tr> <tr> <td data-bbox="542 342 1143 478">Final assessment: In-class written examination (Two-hour, closed book, problems/essays/multiple choice/true-false combination)</td> <td data-bbox="1143 342 1333 478">60%</td> </tr> </table> <p data-bbox="542 512 691 541">Formative:</p> <table border="1" data-bbox="542 541 1333 583"> <tr> <td data-bbox="542 541 1143 583">Formative assignments</td> <td data-bbox="1143 541 1333 583">0%</td> </tr> </table> <p data-bbox="542 617 1505 680">The formative assignments prepare students for summative assignments and ensure that students are actively engaged during the term.</p> <p data-bbox="542 714 1203 777">The 1st assessment tests Learning Outcomes 1, 2, 3. The final assessment tests Learning Outcomes 4, 5.</p> <p data-bbox="542 810 1370 852">Students are required to resit failed assessments in this module.</p>	1 st assessment: In-class written examination (One-hour, closed book, problems/essays/multiple choice/true-false combination)	40%	Final assessment: In-class written examination (Two-hour, closed book, problems/essays/multiple choice/true-false combination)	60%	Formative assignments	0%
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Final assessment: In-class written examination (Two-hour, closed book, problems/essays/multiple choice/true-false combination)	60%						
Formative assignments	0%						
INDICATIVE READING:	<p data-bbox="566 915 875 945">REQUIRED READING:</p> <p data-bbox="566 982 1422 1045">Geltner et al., Commercial Real Estate: Analysis and Investments, Mason, latest edition.</p> <p data-bbox="566 1083 1430 1146">Journal articles, accessible through the Library, as assigned by the instructor.</p> <p data-bbox="566 1218 956 1247">RECOMMENDED READING:</p> <p data-bbox="566 1285 1463 1381">Ball, M., Lizieri, C. and Macgregor, M.G. (2008) The Economics of Commercial Property Markets (Routledge, 2nd ed.). ISBN: 978-0-415-45297-7.</p> <p data-bbox="566 1419 1455 1482">Colwell, P. F. (2002): "Tweaking the DiPasquale-Wheaton Model", in Journal of Housing Economics, 11, pp. 24-39</p> <p data-bbox="566 1520 1487 1617">Di Pasquale, D. & Wheaton, W.C (1992): "The markets for real estate assets and space: a conceptual framework", in Journal of the American Real Estate and Urban Economics Association, v. 20, 1, pp.181-197.</p> <p data-bbox="566 1654 1430 1717">DiPasquale, D&Wheaton, W.C. (1995) Urban Economics and Real Estate Markets (Prentice Hall). ISBN: 978-0132252447.</p> <p data-bbox="566 1755 1495 1852">Ellerman, D. (2004): The Mathematics of Real Estate Appraisal. https://www.researchgate.net/publication/215990331_The_Mathematics_of_Real_Estate_Appraisal</p>						

	<p>Ellis, L. (2008): The housing meltdown: Why did it happen in the United States? BIS Working Paper 259, Sept.</p> <p>Fisher, J. D. (1992): "Integrating Research on Markets for Space and Capital", in Journal of the American Real Estate and Urban Economics Association, V. 20, 1, pp. 161-180.</p> <p>Fleming, M.C. & Nellis, J.G. (2010): The Halifax House Price Index: Technical Details. In http://www.lloydsbankinggroup.com/media/word/HPI/13.08.09TechDetails.doc</p> <p>Maclennan, D. (2005): Housing Policies: New Times, New Foundations. Paper commissioned by the Joseph Rowntree Foundation. In http://www.jrf.org.uk/publications/housing-policies-new-times-new-foundations.</p> <p>Meen, G. (2005): "On the Economics of the Barker Review of Housing Supply", in Housing Studies, v. 20, n. 6, pp. 949-971.</p> <p>Pirounakis, N. (2013): Real Estate Economics: A point-to-point handbook, Routledge</p> <p>Wheaton, W.C. (1999): "Real estate 'cycles': Some fundamentals", in Real Estate Economics, v. 27, n. 2, pp. 209-230.</p>
<p>INDICATIVE MATERIAL: (e.g. audiovisual, digital material, etc.)</p>	<p>REQUIRED MATERIAL: N/A</p> <p>RECOMMENDED MATERIAL: N/A</p>
<p>COMMUNICATION REQUIREMENTS:</p>	<p>Use of appropriate academic conventions as applicable in oral and written communications.</p>
<p>SOFTWARE REQUIREMENTS:</p>	<p>Word, Excel</p>
<p>WWW RESOURCES:</p>	<p>Global Property Guide: http://www.globalpropertyguide.com/ UK Property Guide: http://www.ukpropertyguide.co.uk/</p>
<p>INDICATIVE CONTENT:</p>	<ol style="list-style-type: none"> 1. The real estate (RE) market. <ol style="list-style-type: none"> 1.1 Meaning 1.2 Characteristics 1.3 Types of interest (freehold, leasehold, etc.) 2. Integration of RE market and the macro-economy <ol style="list-style-type: none"> 2.1 RE in the wider economy 2.2 The housing wealth effect 3. Demand for, and supply of RE

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| | <ul style="list-style-type: none">4. Housing finance & loan types; mortgage securitisation5. Investment in real property<ul style="list-style-type: none">5.1 Characteristics of investment in RE5.2 Investment appraisal & property valuation5.3 The cap rate; the cap rate cycle5.4 The required rate of return concept6. Property development and its meaning<ul style="list-style-type: none">6.1 Problems of the developer6.2 Greek vs Anglo/American mode of property development7. RE market equilibrium as a capital stock adjustment<ul style="list-style-type: none">7.1 Introduction to capital stock adjustment models7.2 The DiPasquale-Wheaton mode8. Long-run supply<ul style="list-style-type: none">8.1 Bid-rent (or bid-price) curves8.2 Definition & description8.3 Significance for land-use pattern9. House-price bubbles10. House-price indices<ul style="list-style-type: none">10.1 Index construction methods10.2 Strengths – weaknesses of each method |
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