

UP 564
Integrative Real Estate Seminar

David Bieri

Winter 2013

Lectures:	R 6:00pm–8:00pm
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Office hours:	R 5:00pm–6:00pm, or by appointment.

Course description

A survey seminar regarding the functions and roles to real estate in the urban economy, including downtown revitalization, progressive project financing, and public policy such as smart growth and local public finance.

Prerequisites

At least one intermediate real estate finance course, such as UP566 or equivalent. Other than that there are no formal pre-requisites, but ideally students should be comfortable with undergraduate-level treatment of microeconomics and some macroeconomics. Experience with urban and regional analysis is useful, but not indispensable.

Course Readings

There is no required text book for this seminar. Most of the readings for discussion will be based on journal articles or book chapters. In addition to the seminar time dedicated for participation in the Hines Competition, we will cover a variety of advanced topics on real estate, ranging from – but not limited to – real estate as a driver of urban form, real estate as the quintessential durable commodity to the role of real estate in the recent financial crisis.

Optional texts

BLUESTONE, B., M. HUFF STEVENSON, AND R. WILLIAMS (2008): *The Urban Experience: Economics, Society, and Public Policy*. Oxford University Press, New York, NY. [BHW].

O’SULLIVAN, A. (2009): *Urban Economics*. McGraw Hill Higher Education, New York, NY: 7th edn. [OSU].

Hines Competition

Participation in the [ULI Hines Competition](#) (for both real teams and hypothetical teams) is the central focus of the first part of the course. In the Hines Competition, multidisciplinary teams of four to five graduate students in the United States or Canada and tackle a real land use challenge in a U.S. city. The second part of the seminar will analyse and discuss real estate-specific aspects of the present and past challenges in

the Hines Competition through the integrative lens of urban planning, urban geography and urban economics.

Other assigned readings will be posted on CTools, see reading list below.

Course Requirements and Policies

Grading

This course will *not* be graded on a curve. This means that the number of top grades is not limited and – by symmetry – the same is also true for low grades. The course-specific grading scheme is as follows:

- Hines Competition participation or equivalent short paper on real estate topic (2,500 words) plus in-class presentation – 30%
- Final essay (take home) – 40%
- Class participation (includes paper presentations) – 30%

Details on these assignments will be provided in class.

Late or missed assignments

All work must be submitted by the due date. Late work will be accepted with a penalty of *50% per lecture* past the due date. Exceptions to these rules are not granted without a note from the Dean of Students Office detailing why an excuse should be warranted. Usually, make-up exams will be oral, given as close to the exam date as possible.

Attendance policy

You are responsible for all material discussed in class. Students are expected to have read all assigned material before class so that they can take an active role in class discussions. Reading is a complement, not a substitute for class attendance.

Policy on plagiarism and academic honesty

The University of Michigan Honor Code is in effect for this course. Please take the time to read this document and make sure that you understand your responsibilities as a student. I assume that everything you turn in during the semester conforms to the Honor Code and to the usual academic standards governing appropriate student conduct. It is your responsibility to find out what constitutes plagiarism and cheating; a plea of ignorance is not acceptable as a defense. The following statement, taken from the Rackham Graduate School's [Statement on Graduate Academic and Professional Integrity](#), describes the types of violations covered under the Honor System:

A clear sense of academic honesty and responsibility is fundamental to our scholarly community. To that end, the University of Michigan expects its students to demonstrate honesty and integrity in all their academic activities [...] As professionals in training, graduate students assume various roles, depending on the academic program. These include the roles of scholar/researcher, teacher, supervisor of employees, representative to the public (of the University, the discipline and/or the profession), and professional colleague and even the role of provider of services to clients. Therefore, students are responsible for maintaining high standards of conduct while engaged in course work, research, dissertation or thesis preparation, and other activities related to academics and their profession.

Graduate training, like future professional life, includes demands that might tempt some students to violate integrity standards. There are pressures on graduate students to

achieve high grades, obtain financial support, meet research or publication deadlines, gain recognition from the scholarly community, and secure employment. Although faculty members can help students to maintain academic integrity despite these pressures, each student has final responsibility for maintaining integrity in his or her individual conduct.

Finally, conduct that violates the ethical or legal standards of the University community or of ones program or field of specialization may result in serious consequences, including immediate disciplinary action and future professional disrepute. In support of the Graduate Schools commitment to maintain high standards of integrity, this policy makes provisions for bringing forward and hearing cases of academic and professional misconduct.

Be advised that plagiarism or other forms of violations of the University of Michigan Honor Code will not be tolerated. I will not hesitate to forward cases of academic dishonesty to the Dean.

Class room etiquette

Everyone who registers for this class is an adult. You are legally able to marry without parental consent, buy a home, pay taxes, vote, work, budget your money, defend your country in military service, etc. You should also be adult enough not to disturb others.

No electronic devices of any kind will be needed for this course, unless stated otherwise. Please stow away your laptops and mobile phones for the entire duration of the seminar.

CTools

The **CTools** site for UP 564 is an important component of this course. With similar functionality to Blackboard, CTools is an online environment and UP 564 is assigned a separate page within CTools and is accessible only by the course instructor and the students enrolled in the course. This system provides a convenient way to post announcements, grades, assignments, and online quizzes or homework.

You are responsible for any announcement or assignment posted on CTools, regardless of whether the announcement or assignment was discussed in class. I recommend checking CTools on a regular basis.

Important dates during the semester

Please take note of the following dates over the course of the semester:¹

T	14 Jan 13	ULI/Hines Competition begins.
T	29 Jan 13	Last day for students to add/drop Winter 2013 classes.
M	28 Jan 13	ULI/Hines Competition ends.
T	7 Feb 13	Topic selection for short essay (in class).
S	2 Mar 13	Spring break recess begins.
F	TBA	Site visit by ULI/Hines Competition finalist team rep.
S	10 Mar 13	Spring break recess ends.
M	11 Mar 13	Short essays are due (5pm).
T	14 Mar 13	In-class presentations begin.
R	TBA	Final Hines Competition presentations to jury.
T	23 Apr 13	Classes end.
W	24 Apr 13	Final essay due (5pm).

¹Dates are subject to change.

Tentative Course Calendar

Compulsory readings are marked by an asterisk (*). The rest of the reading is optional, and intended for those interested in pursuing particular topics in more depth. It is crucial that you familiarise yourself with the material before the seminar such that we can engage in interesting and informed discussions. A summary of the readings will usually be introduced at the beginning of class by a student on a rotating basis.

I. Introduction and review

Seminar 1: 10 January 2013 (R)

Introduction, syllabus review.

II. Hines Competition

Seminar 2: 17 January 2013 (R)

Analysis of previous Hines Competition winning entries. First characterisation of current Hines challenge.

Seminar 3: 24 January 2013

In-depth discussion of key features, policy challenges of current Hines competition site.

III. Real Estate and the Economy

Seminar 4: 31 January 2013 (R)

*CASE, B., AND J. M. QUIGLEY (1991): "The Dynamics of Real Estate Prices," *Review of Economics and Statistics*, 73(1), 50–58.

*CASE, K. E., E. L. GLAESER, AND J. A. PARKER (2000): "Real Estate and the Macroeconomy," *Brookings Papers on Economic Activity*, 2000(2), 119–162.

*ERGUNGOR, O. E., AND T. J. FITZPATRICK, IV (2011): "Slowing Speculation in Housing," *Forefront: Federal Reserve Bank of Cleveland*, 2(1), 20–26.

*GALLIN, J. (2008): "The Long-Run Relationship between House Prices and Rents," *Real Estate Economics*, 36(4), 635–658.

*MALPEZZI, S., AND S. M. WACHTER (2005): "The Role of Speculation in Real Estate Cycles," *Journal of Real Estate Literature*, 13(2), 143–164.

Seminar 5: 7 February 2013 (R)

From the Great Housing Boom to the Great Housing Bust; **Short essay topic selection due (title and 2 paragraph description, max 400 words).**

*BRUECKNER, J. K., P. S. CALEM, AND L. I. NAKAMURA (2012): "Subprime Mortgages and the Housing Bubble," *Journal of Urban Economics*, 71(2), 230–243.

*BOSTIC, R. W., S. D. LONGHOFER, AND C. L. REDFEARN (2007): "Land Leverage: Decomposing Home Price Dynamics," *Real Estate Economics*, 35(2), 183–208.

*GLAESER, E. L., J. E. GYOURKO, AND A. SAIZ (2008): “Housing Supply and Housing Bubbles,” *Journal of Urban Economics*, 64(2), 198–217.

GYOURKO, J. E. (2009): “Understanding Commercial Real Estate: Just How Different from Housing Is It?,” Working Paper No. 14708, National Bureau of Economic Research, Cambridge, MA.

*IMMERGLUCK, D. (2011): “Sub-prime Crisis, Policy Response and Housing Market Restructuring,” *Urban Studies*, 48(16), 3371–3383.

*MAYER, C., K. PENCE, AND S. M. SHERLUND (2009): “The Rise in Mortgage Defaults,” *Journal of Economic Perspectives*, 23(1), 27–50.

*PAVLOV, A., AND S. M. WACHTER (2011): “Subprime Lending and Real Estate Prices,” *Real Estate Economics*, 39(1), 1–17.

IV. Urban Spatial Structure

Seminar 6: 14 February 2013 (R)

Urban structure and its evolution.

OSU, chapters 6–7.

BHW, chapter 4.

*ANAS, A., R. ARNOTT, AND K. A. SMALL (1998): “Urban Spatial Structure,” *Journal of Economic Literature*, 36(3), 1426–1464.

*GLAESER, E. L. (1998): “Are Cities Dying?,” *Journal of Economic Perspectives*, 12(2), 139–160.

*IOANNIDES, Y. M., AND H. G. OVERMAN (2004): “Spatial Evolution of the US Urban System,” *Journal of Economic Geography*, 4(2), 136–154.

*HOLLAR, M. K. (2011): “Central Cities and Suburbs: Economic Rivals or Allies?,” *Journal of Regional Science*, 51(2), 231–252.

*KIM, S. (2007): “Changes in the Nature of Urban Spatial Structure in the United States, 1890–2000,” *Journal of Regional Science*, 47(2), 273–287.

RIEFLER, R. F. (1979): “Nineteenth-Century Urbanization Patterns in the United States,” *Journal of Economic History*, 39(4), 961–974.

Seminar 7: 21 February 2013 (R)

Suburbanisation.

*LEE, B. (2007): “‘Edge’ or ‘Edgeless’ Cities? Urban Spatial Structure in U.S. Metropolitan Areas, 1980 to 2000,” *Journal of Regional Science*, 47(3), 479–515.

*HANSON, A., K. SCHNIER, AND G. K. TURNBULL (2012): “Drive ’Til You Qualify: Credit Quality and Household Location,” *Regional Science and Urban Economics*, 42(1–2), 63–77.

*MIESZKOWSKI, P., AND E. S. MILLS (1993): “The Causes of Metropolitan Suburbanization,” *Journal of Economic Perspectives*, 7(3), 135–147.

*NECHYBA, T. J., AND R. P. WALSH (2004): “Urban Sprawl,” *Journal of Economic Perspectives*, 18(4), 177–200.

Seminar 8: 28 February 2013 (R)

Metrobubia.

*BETTENCOURT, L., AND G. WEST (2010): “A Unified Theory of Urban Living,” *Nature*, 465(7318), 912–913.

*HALL, M., AND L. BARRETT (2010): “How Diverse Are US Suburbs?,” *Urban Studies*, 47(1), 3–28.

*KNOX, P. L. (1991): “The Restless Urban Landscape: Economic and Sociocultural Change and the Transformation of Metropolitan Washington, DC,” *Annals of the Association of American Geographers*, 81(2), 181–209.

*ROZENFELD, H. D., D. RYBSKI, X. GABAIX, AND H. A. MAKSE (2011): “The Area and Population of Cities: New Insights from a Different Perspective on Cities,” *American Economic Review*, 101(5), 2205–2225.

V. Urban Real Estate and PolicySeminar 9: 14 March 2013 (R)

Housing policy; **In-class presentations begin.**

BHW, chapter 12.

*BAUM-SNOW, N., AND J. MARION (2009): “The Effects of Low Income Housing Tax Credit Developments on Neighborhoods,” *Journal of Public Economics*, 93(5–6), 654–666.

*DAVIDOFF, T. (2010): “What Explains Manhattan’s Declining Share of Residential Construction?,” *Journal of Public Economics*, 94(7–8), 508–514.

*EICHHOLTZ, P., N. KOK, AND J. M. QUIGLEY (2010): “Doing Well by Doing Good? Green Office Buildings,” *American Economic Review*, 100(5), 2492–2509.

*GLAESER, E. L., AND M. E. KAHN (2010): “The Greenness of Cities: Carbon Dioxide Emissions and Urban Development,” *Journal of Urban Economics*, 67(3), 404–418.

*GYOURKO, J. E., AND T. SINAI (2003): “The Spatial Distribution of Housing-Related Ordinary Income Tax Benefits,” *Real Estate Economics*, 31(4), 527–575.

Seminar 10: 21 March 2013 (R)

Land-use regulation.

*GLAESER, E. L., J. E. GYOURKO, AND R. E. SAKS (2005): “Why Have Housing Prices Gone Up?,” *American Economic Review*, 95(2), 329–333.

*———, AND B. A. WARD (2009): “The Causes and Consequences of Land Use Regulation: Evidence from Greater Boston,” *Journal of Urban Economics*, 65(3), 265–278.

*GYOURKO, J. E., A. SAIZ, AND A. SUMMERS (2008): “A New Measure of the Local Regulatory Environment for Housing Markets: The Wharton Residential Land Use Regulatory Index,” *Urban Studies*, 45(3), 1–35.

*HUANG, H., AND Y. TANG (2012): “Residential Land Use Regulation and the US Housing Price Cycle between 2000 and 2009,” *Journal of Urban Economics*, 71(1), 93–99.

*IHLANFELDT, K. (2007): “The Effect of Land Use Regulation on Housing and Land Prices,” *Journal of Urban Economics*, 61(3), 420–435.

Seminar 11: 28 March 2013 (R)

Sprawl.

*BHW, chapter 13.

*BRUECKNER, J. K., AND A. G. LARGEY (2008): “Social Interaction and Urban Sprawl,” *Journal of Urban Economics*, 64(2), 18–34.

*———, AND R. W. HELSLEY (2011): “Sprawl and Blight,” *Journal of Urban Economics*, 69(2), 205–213.

*BURCHFIELD, M., H. G. OVERMAN, D. PUGA, AND M. A. TURNER (2006): “Causes of Sprawl: A Portrait from Space,” *Quarterly Journal of Economics*, 121(3), 587–632.

*FALLAH, B. N., M. D. PARTRIDGE, AND M. R. OLFERT (2011): “Urban Sprawl and Productivity: Evidence from US Metropolitan Areas,” *Papers in Regional Science*, 90(3), 451–472.

Seminar 12: 4 April 2013 (R)

Land-use and growth management.

*BANZHAF, H. S., AND N. LAVERY (2010): “Can the Land Tax Help Curb Urban Sprawl? Evidence from Growth Patterns in Pennsylvania,” *Journal of Urban Economics*, 67, 169–179.

*BENTO, A. M., S. F. FRANCO, AND D. KAFFINE (2006): “The Efficiency and Distributional Impacts of Alternative Anti-Sprawl Policies,” *Journal of Urban Economics*, 59(1), 121–141.

*DOWNS, A. (2005): “Smart Growth: Why We Discuss It More than We Do It,” *Journal of the American Planning Association*, 71(3), 367–378.

*KNAAP, G.-J., AND E. TALEN (2005): “New Urbanism and Smart Growth: A Few Words from the Academy,” *International Regional Science Review*, 28(7), 107–118.

ZABEL, J. E., AND M. DALTON (2011): “The Impact of Minimum Lot Size Regulations on House Prices in Eastern Massachusetts,” *Regional Science and Urban Economics*, 41(6).

VI. Urban Renewal

Seminar 13: 11 April 2013 (R)

*BRUECKNER, J. K., AND S. S. ROSENTHAL (2009): “Gentrification and Neighborhood Housing Cycles: Will America’s Future Downtowns Be Rich?,” *Review of Economics and Statistics*, 91(4), 725–743.

———, J.-F. THISSE, AND Y. ZENOU (1998): “Why is Central Paris Rich and Downtown Detroit Poor?: An Amenity-based Theory,” *European Economic Review*, 43(1), 91–107.

*GLAESER, E. L., AND J. E. GYOURKO (2005): “Urban Decline and Durable Housing,” *Journal of Political Economy*, 113(2), 346–374.

———, AND M. G. RESSEGER (2010): “The Complementarity between Cities and Skills,” *Journal of Regional Science*, 50(1), 221–244.

*ROSSI-HANSBERG, E., P.-D. SARTE, AND R. OWENS (2010): “Housing Externalities,” *Journal of Political Economy*, 118(3), 485–535.

Seminar 14: 18 April 2013 (R)

*FLORIDA, R., AND C. MELLANDER (2010): “There Goes the Metro: How and Why Bohemians, Artists and Gays affect Regional Housing Values,” *Journal of Economic Geography*, 10(2), 167–188.

*PIVO, G., AND J. D. FISHER (2011): “The Walkability Premium in Commercial Real Estate Investments,” *Real Estate Economics*, 39(2), 185–219.

VIGDOR, J. L. (2010): “Is Urban Decay Bad? Is Urban Revitalization Bad Too?,” *Journal of Urban Economics*, 68(4), 277–289.

*WEBER, R. (2010): “Selling City Futures: The Financialization of Urban Redevelopment Policy,” *Economic Geography*, 86(3), 251–274.