

RSM2128
Real Estate Economics
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TARGET AUDIENCE

Real estate matters in every area of business. Real estate assets are a very important part of corporate balance sheets. The principle residence is usually the largest item in a household's portfolio. In aggregate, real estate has been estimated as comprising roughly 40% of total wealth. For all of these reasons, real estate is a fundamental area of finance. Real estate and location decisions can determine whether entrepreneurs succeed or fail and whether mature businesses grow or decline. It is thus no exaggeration to claim that all educated businesspeople should know something about real estate.

This class is, therefore, designed to be useful across the MBA program. In addition to students who pursue careers in real estate itself, a background in real estate can be useful to students in banking and asset management. A background in real estate can also be useful to general managers to the extent that they deal with location decisions and because firms in other lines of business frequently own or rent significant real estate, and are therefore accidentally in the real estate business. Real estate is also important to consultants since real estate decisions are so important for the businesses that make them.

COURSE MISSION AND SCOPE

The course applies economic methods to make students better real estate decision-makers. Topics covered include the determinants of real estate values, the location decisions of households and firms, land use, urban growth and agglomeration, industry clusters, cycles, bubbles, real estate finance, real options, and leasing.

REQUIRED RESOURCES

The course will make use of a paperback text (Helsley, Robert W., Urban and Real Estate Economics, Vancouver : UBC Real Estate Division, 2003) and a course packet. The packet will contain one case and a number of articles.

EVALUATION AND GRADE DISTRIBUTION

Class participation	All weeks	10%
Case write-up*	Week 8	5%
Debate*	Week 10	5%
Paper/Presentation*	Week 13	30%
Final	Examination period	50%

*Denotes group work. Students are allowed to choose their own groups, with each group having 4-5 members.

The case to be written-up will concern the development of Canary Wharf in London, England. The debate will concern housing price bubbles. The term paper will be relatively short (15 pp.). It can be on any topic in real estate, and I interpret this very broadly. Previous papers have dealt with real estate finance, market analysis, real estate strategy, and entrepreneurship.