

**RE 690 – Market Analysis for Real Estate**  
**Spring 2011**  
Midterm Exam 1 Review

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*MW 9:30-10:45*

This handout provides a brief review of the topics that we have covered since the beginning of the semester midterm. I will use it as my source for exam questions. You should use it to help focus your studying.

1) Course Introduction

- a) Be able to explain the differences between different types of market analyses:
  - Market study
  - Marketability study
  - Highest-and-best use study
  - Feasibility study
- b) Understand what market segmentation is as it relates to real estate market research
  - “Effective market research is largely a matter of \_\_\_\_\_.”
- c) What are the key questions involved in writing a *market defining story*?
  - What is the real estate product?
  - Who are the customers?
  - Where are the customers?
  - What do they care about?
  - Who are the competitors?
- d) Be able to explain the iterative nature of market analysis
  - Create a market defining story
  - Collect data
  - Analyze the data
  - Draw conclusions
  - Refine the market defining story
  - Repeat
- e) Our textbook discussed the need to “begin with the property and then move outward.” What exactly does this mean?
- f) Be able to describe the market analysis case studies from the text and how doing basic market research with a market defining story could have saved the developers a great deal of heartache.
- g) Make sure you can answer each of the concept check questions in the e-book, including those for material we may not have discussed in class.

- 2) Urban & Regional Economics
- a) What are factors that help determine where cities develop?
    - Be prepared to write a short essay describing which of these factors were most important in the development of the city you used for your MSA presentation. You may need to do some additional research for this.
  - b) Economic base analysis
    - What is the defining characteristic of “basic activities”? How are they different from non-basic activities?
    - How are location quotients calculated?
    - If an industry has a location quotient in excess of 1, does that necessarily mean the industry is basic? Why or why not? What other factors must you consider?
  - c) Price distance relationships?
    - What are bid-rent curves? What information do they provide and how are they derived?
    - How do various changes affect land values in a city?
      - Increase in population
      - Change in wage rates and/or commuting costs
      - Change in the density of housing
    - Be prepared to describe the factors that affect the rent gradients around Wichita State University.
  - d) Be prepared to describe each of the basic models of urban growth
    - Concentric circle model
    - Axial model
    - Sector model
    - Multiple-nuclei model

Be prepared to write an essay describing how the development of your chosen MSA reflects each of these models.
  - e) Know the other factors that affect urban growth
  - f) Make sure you can answer each of the concept check questions in the e-book, including those for material we may not have discussed in class.
- 3) Understanding Geographies
- a) What is a “geography”?
  - b) Be able to define each of the following and relate them to one another ([www.census.gov/geo/www.reference.html](http://www.census.gov/geo/www.reference.html))
    - Census blocks, block groups, and census tracts
    - Census divisions and regions
    - Metropolitan area definitions ([www.census.gov/population/www/metroareas/metrodef.html](http://www.census.gov/population/www/metroareas/metrodef.html))

- Core based statistical areas
  - Metropolitan statistical areas
  - Micropolitan statistical areas
  - Combined statistical areas
  - Urban areas and urban clusters
  - Other geographies
    - Zip codes vs. zip code tabulation areas
    - School districts, state legislative districts, etc.
- 4) Industry Classifications ([www.census.gov/eos/www/naics](http://www.census.gov/eos/www/naics))
- a) What are SIC codes and NAICS codes?
  - b) How do they relate to each other?
  - c) Which is the system in use today?
  - d) Be able to look up the industry classification code for a given industry.
- 5) Employment Data
- a) For each data set, know the answers to the key questions:
    - How are jobs counted?
    - Where are jobs counted?
    - What industries and occupations are covered?
    - How are the data collected?
    - For what geographies are they available?
    - How timely is the data released?
    - What other definitions are important within the data?
  - b) Employment data sets
    - Civilian Labor Force (CLF) employment
    - Wage & Salary (non-farm) employment (Current Employment Survey)
    - Quarterly Census of Employment & Wages ([www.bls.gov/cew](http://www.bls.gov/cew))
    - BEA Employment ([www.bea.gov](http://www.bea.gov))