Chapter 8 Multiple Choice Questions

1. Transactions involving the transfer of rights to use real estate are said to occur in the
   a. real estate space market.
   b. real estate asset market.
   c. real estate development industry.
   d. real estate system.

2. Transactions involving the transfer of real estate ownership are said to occur in the
   a. real estate space market.
   b. real estate asset market.
   c. real estate development industry.
   d. real estate system.

3. Office buildings in a market that generate the highest rents per square foot are called
   a. class A buildings.
   b. class B buildings.
   c. class C buildings.
   d. class D buildings.

4. The smallest class of shopping center is called a
   a. community center.
   b. neighborhood center.
   c. regional center.
   d. superregional center.

5. With price on the vertical axis and quantity on the horizontal axis, the demand curve for most real estate space markets is
   a. flat.
   b. upward sloping.
   c. downward sloping.
   d. U-shaped.

6. With price on the vertical axis and quantity on the horizontal axis, the supply curve for the typical real estate space market is
   a. vertical at the current quantity and horizontal at higher quantities.
   b. horizontal at the current quantity and vertical at higher quantities.
   c. upward sloping across all price-quantity combinations.
   d. downward sloping across all price-quantity combinations.
7. In a space market with flat long-run marginal costs of increasing the supply, an increase in demand for space would be met with
   a. an increase in equilibrium price.
   b. a decrease in equilibrium price.
   c. no change in equilibrium price.
   d. stagnant deflation.

8. In a space market with rising long-run marginal costs of increasing the supply, an increase in demand for space would be met with
   a. an increase in equilibrium price.
   b. a decrease in equilibrium price.
   c. no change in equilibrium price.
   d. stagnant deflation.

9. Generally speaking, the risk associated with equity assets is _______ the risk of debt assets.
   a. greater than
   b. less than
   c. about the same as

10. Real estate assets compete with other capital market assets in
    a. private equity markets.
    b. private debt markets.
    c. public equity markets.
    d. public debt markets.
    e. All of the above

11. The percentage of the total amount of space in a market that is unoccupied at any given point in time is called
    a. months supply.
    b. absorption rate.
    c. vacancy rate.
    d. pipeline.

12. What is the month’s supply in a market that is absorbing 360 units per year and has 30 vacant, completed units and 90 units under construction?
    a. 4
    b. 0.33
    c. 4.33
    d. 40
13. Which of the following serves as an indicator of the balance between supply and demand in a market?
   a. Vacancy rate
   b. Rent levels
   c. Construction starts
   d. Construction completions
   e. A and b above