Chapter 1: The Nature of Real Estate and Real Estate Markets

The Term “Real Estate” Used Three Ways
1. Tangible Asset
2. Bundle of Rights
3. Profession

Real Estate in the Economy
- Half of the world’s wealth
- Generates over 28% of U.S. gross domestic product (GDP)
- Housing alone accounts for almost 20%
- Generates nearly 70% of local government revenue (property tax)
- Creates jobs for nearly 9 million Americans

Land Use in the United States: 2007

Aggregate Market Values of Selected Asset Categories: 2011
Real estate values are determined by interactions in 3 distinct markets/sectors
- User (Space) markets
- Capital markets
- Governmental sector(s)