

Prepared by Dr. Rana Maya

REA621

Real Estate market analysis

Introduction



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Abstract



This lecture introduces course description, objectives, contents, and learning outcomes with some case studies.





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Contents

- 1.Course Description
2. Course Objectives
3. Textbook
4. Topics to be covered
5. Learning Outcomes

Learning outcomes



By the end of the lecture, you will be able to:

1. Understand market analysis and its role
2. Know about objective of market analysis course
3. Learn about course text book and contents
4. Recognize the course learning outcomes

1.Course Description?

This course provides a comprehensive overview of real estate market analysis, exploring the key methods and tools used to evaluate the viability, risks, and opportunities of real estate investments and developments.

Students will learn how market forces, economic trends, location factors, and demographic shifts influence property values and investment decisions.



Emphasis is placed on the practical application of data-driven analysis to guide real estate development, acquisition, and policy-making decisions.

1.Course description - Real Estate Market Analysis?

Real estate market analysis is : the identification and study of demand and supply.

-On the demand side are the end users— the buyers or renters of real estate (homebuyers, apartment tenants, retail stores, businesses seeking office or warehouse space, visitors needing hotel accommodations).

-On the supply side are competitors—both existing properties and those at various stages in the development pipeline.

Market analysis identifies prospective users of real estate—both buyers and renters—and their characteristics



1.Course description What Is Real Estate Market Analysis?

Most real estate market analyses examine both the

- Market potential
- Marketability, or competitiveness, of the proposed project.

The analysis of market potential examines aggregate data about demand and supply.

Demand is, by far, the more difficult half of the equation.

Projecting the strength of demand requires a mix of research, experience ,and intuition.



1. Course description- Example— Jeddah Residential Real Estate Market

Location & Overview:

Jeddah is Saudi Arabia's second-largest city on the **Red Sea coast**, serving as a key economic and residential hub in the **Makkah Region**. It forms one of the main urban centers driving population growth and housing demand in the Kingdom.

Population & Demographics:

The city's metropolitan area includes over **3.7 million residents**, and housing demand remains strong as domestic migration and urbanization continue to expand residential needs.

Median Household Income:

In Saudi Arabia, median household disposable income is around **SAR 7,362 per month**, with Saudi households typically earning **higher at SAR 13,655 monthly**, reflecting consumer capacity relevant for housing affordability analysis in urban areas like Jeddah.

Project Example – Mid-Rise Residential Development

Site Advantages

Strategic Location:

Located within an established residential neighborhood with proven housing demand
Direct access to main arterial roads and public transportation routes

Proximity to Services:

Walking distance to schools, supermarkets, healthcare facilities, and local retail
Short commuting time to major employment centers

Physical Characteristics:

Flat topography reduces earthwork and foundation costs
Regular site shape allows efficient building layout and optimal unit planning

Infrastructure Availability:

Existing connections to water, electricity, sewage, and telecommunications
No requirement for major off-site infrastructure investment

Demand Analysis - example

Residential Apartment Development – Mid-Income Segment

Proposed project: 120 units

Product Price (Subject Property)

Average unit price: USD 130,000

Average price per m²: USD 1,200

Positioned within prevailing mid-market price range

- **Consumer Income**

Median household income: USD 24,000/year

Affordable housing expenditure: 30–35% of income

Income levels support mortgage and rental affordability

- **Price of Related Products (Substitutes)**

Competing apartment prices: USD 1,150–1,300 per m²

Rental substitutes (2 BR): USD 600–700/month

Subject project is competitively priced within market range

2. Course Objectives:



By the end of this course, you will be able to:

1. Understand the fundamental principles of real estate market dynamics.
2. Analyze local and regional real estate markets using both qualitative and quantitative data.
3. Apply analytical techniques to evaluate market demand, supply, and absorption rates.
4. Interpret economic indicators and demographic trends relevant to property markets.
5. Develop professional market analysis reports for different property types.

3.Textbook

- Credit Hours: 3 credit hours**

-The main material and reference for each course will be the textbook mentioned in the course specifications. Lecture notes and slides are additional resources that are prepared by the professor.

- Required Textbook:**

'Real Estate Market Analysis' by Deborah L. Brett ,2019.



1 4. Topics to be covered

Introduction to real estate markets analysis

This lecture defines market analysis and discusses its uses and users. It shows how market analysis fits into the development process as a way to improve decision-making at each stage.

The Topic highlights Market analysis role as a basis for decisions regarding location and site, project size, design and quality, features and amenities, target audience, pricing, and phasing.

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2 4. Topics to be covered:

Basics of Real estate market analysis

This lecture outlines in general terms how to approach a real estate market analysis. It describes the basic tasks to be done, discusses the importance of field observations, and identifies the types of information needed to reach supportable conclusions.

A market study should cover key observations regarding the site and its surroundings, advantages and disadvantages of the location, demand indicators, and characteristics of the competition.

The question is : whether the development project should proceed as planned?



3

4. Topics to be covered

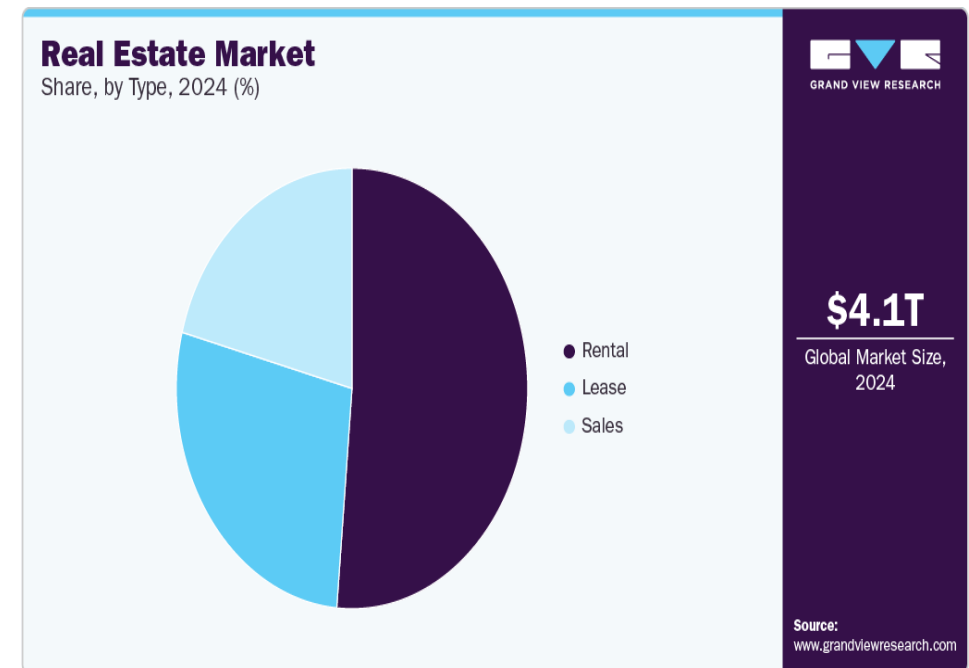
Market conditions: indicators and demographics

National, and local economic conditions affect property demand.

key real estate market indicators and economic indicators with consumer Demographics shape consumer confidence and business investment activity.

Thorough market analysis requires some consideration of the national economic climate.

synthesize the findings and reach conclusions about a proposed project's marketability or the future performance of an existing property



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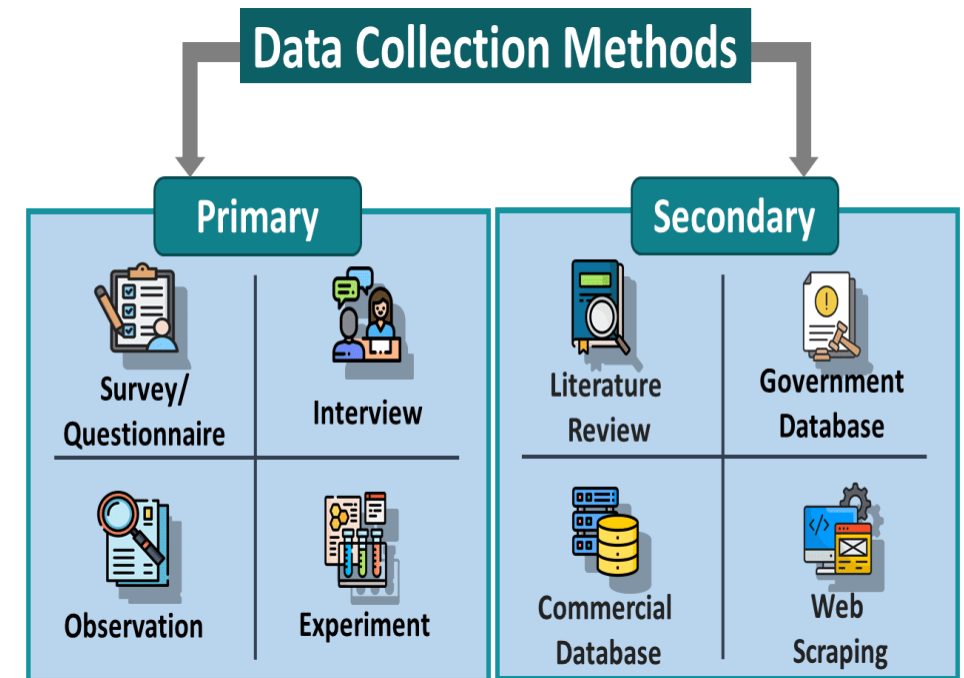
4. Topics to be covered

Data Sources and Collection Methods, Site and Location Analysis

The topic present **data sources and collection methods**, emphasizing the importance of accurate, reliable, and relevant data in real estate analysis.

Primary data such as site visits, surveys, and stakeholder interviews were combined with secondary data from government statistics, market reports, and transaction databases.

This foundation was reinforced through **site and location analysis**, highlighting how location-specific factors—such as accessibility, zoning, infrastructure, environmental conditions, and surrounding land uses—significantly influence property value and market performance.



5

4. Topics to be covered

Market Segmentation and Target Market Analysis

The topic examine **market segmentation and target market analysis**, demonstrating how real estate demand varies across income groups, household types, business sectors, and investor profiles.

By identifying target market segments, analysts can better match property type, scale, pricing, and design to market needs, thereby improving absorption rates and project viability.



6 4. Topics to be covered

Financial Feasibility and Risk Assessment

The analysis then progressed to **financial feasibility and risk assessment**, where market findings were translated into financial projections and investment indicators. Key measures such as net present value, internal rate of return, and cash flow analysis were used to evaluate project feasibility.

The Topic also address real estate–specific risks, including market cycles, financing constraints, construction costs, regulatory uncertainty, and occupancy risk, emphasizing the need for sensitivity and scenario analysis.



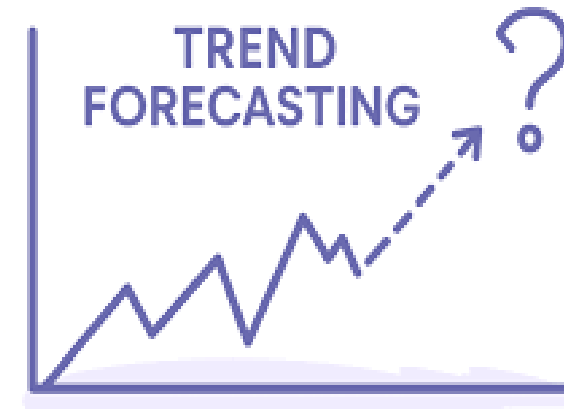
4. Topics to be covered

Forecasting Market Trends

Recognizing the dynamic nature of real estate markets, the topic explore **forecasting market trends** as a critical component of forward-looking analysis.

Techniques such as trend analysis, econometric indicators, and scenario planning were introduced to assess future demand, price movements, and supply responses.

These tools enable developers, investors, and policymakers to anticipate market shifts and make more resilient decisions.



4. Topics to be covered

Case Studies in Market Analysis

To connect theory with practice, **case studies in real estate market analysis** were presented, illustrating how analytical frameworks are applied in different market contexts and property types.

The case studies highlight common challenges, data limitations, and decision trade-offs, while demonstrating best practices and practical solutions.



4. Topics to be covered

Ethical Considerations and Market Manipulation Risks

The topic also address **ethical considerations and market manipulation risks**, underscoring the responsibility of real estate analysts to maintain objectivity, transparency, and professional integrity.

Ethical market analysis was presented as essential for protecting investors, supporting fair markets, and maintaining public trust, particularly in environments where information asymmetry and speculative behavior are prevalent.



Preparing and Presenting Market Analysis Reports

Finally, the course concluded with guidance on **preparing and presenting real estate market analysis reports**, emphasizing clarity, logical structure, and effective communication.

Well-prepared reports were shown to be essential tools for translating complex market data into actionable insights for investors, lenders, developers, and public authorities.





5. Learning Outcomes:

Upon successful completion of this course, students will be able to:

- Explain the structure and function of real estate markets.
- Gather and interpret data relevant to real estate market analysis.
- Conduct basic and advanced analyses to assess market conditions and project feasibility.
- Apply statistical and economic principles to identify real estate investment opportunities.
- Prepare and communicate market analysis findings in a professional format.
- Evaluate the impact of economic cycles and policy changes on real estate markets.

5. Learning Outcomes: case study

🔑 Case Study: Residential Real Estate Market Analysis for a Mid-Income Housing Project

1. Background and Objective

A private real estate developer is considering the development of a **mid-income residential apartment project** in a growing metropolitan area (City A).

The objective of the market analysis is to assess **market demand, financial feasibility, risks, and pricing strategy** before proceeding with land acquisition and project design.

5. Learning Outcomes: case study

2. Site and Location Analysis

The proposed site is a **25,000 m² parcel** located within a secondary urban district approximately **8 km from the central business district (CBD)**.

Key Location Characteristics:

Direct access to two arterial roads

Public transportation within 500 meters

Proximity to schools, healthcare facilities, and retail centers

Zoning permits residential development up to 8 floors

Conclusion:

The site demonstrates strong locational suitability for mid-income residential housing due to accessibility and availability of urban services.

5. Learning Outcomes: case study

3. Market Segmentation and Target Market

The residential market in City A was segmented based on income levels and household characteristics.

Target Market Segment:

Middle-income households earning **USD 2,000–3,500 per month**

Young families and professionals aged **30–45**

Preference for **2–3 bedroom apartments (90–130 m²)**

Demand Indicators:

Population growth rate: **2.8% annually**

Household formation growth: **3.1% annually**

Mortgage availability improving through local banks

Conclusion

By combining rigorous data collection, market and financial analysis, forecasting, ethical practice, and professional reporting, market analysts are equipped to conduct credible and practical real estate market analyses that support sustainable and informed decision-making in diverse market conditions.

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Real estate market analysis is not a single technique but an integrated decision-support process.





Thank You