

Chapter 1 Answer Key

1. b. Under the concept of supply and demand, if demand decreases and supply remains the same, producers need to attract more customers, and so prices fall. (8)
2. b. A broker is a person licensed to conduct real estate activities for others and able to charge a fee for those activities. (5)
3. a. Population affects the demand for real estate. As population grows, so does the demand for housing. Construction costs, government controls, and the labor force affect supply. (9)
4. b. Residential, agricultural, and industrial are all classifications of real estate. Development can occur with any of these types. (7)
5. d. Government financial policies (fiscal policies), affect supply. Population, demographics, and wage levels affect demand for real estate. (10)
6. c. Uniqueness and immobility of product and parties to the transaction, not product price, govern the way the market reacts to the pressures of supply and demand. (8)
7. d. The home inspector, who performs an analytical report of a visual inspection of the property and its structure's systems, is becoming more important in the real estate transaction as more consumers rely on these reports when buying property. (6)
8. a. Under the laws of supply and demand, if supply of a commodity decreases with demand remaining the same or increasing, prices go up. (8)
9. c. The basic responsibility of the property manager is to protect the owner's investment and maximize the return on investment. (5)
10. b. Information about members of a population group is called demographics. These factors are important as they contribute to the amount and type of housing needed. (10)