



AI1128 Economics of the Built Environment 7.5 credits

Samhällsbyggnadsekonomi

This is a translation of the Swedish, legally binding, course syllabus.

Establishment

Grading scale

A, B, C, D, E, FX, F

Education cycle

First cycle

Main field of study

Technology

Specific prerequisites

Introduction to the Planning and Building Process (AI1137) or equivalent course.

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

After the course the student should be able to:

- make simple cost and investment calculations relevant for the real estate and construction sector
- critically analyze assumptions in calculations mentioned above
- interpret the yearly report from a real estate company
- analyze the effects on prices and quantities produced of various changes on a market
- critically evaluate arguments for and against various regulations on a market
- understand how different forms of contracts, e.g. in procurement affects the incentive of the parties
- understand why certain macroeconomic policies are introduced, e.g. when the central bank changes the interest rate
- evaluate the general effects of different macroeconomic changes on the real estate and construction market
- understand the mechanisms that can lead to changes in construction volumes and property prices

Course contents

The course covers the following areas:

1. Cost calculations, investment calculations and how these can be used for analysis of projects and valuation of properties. The structure of a yearly report: balance sheet and income statement.
2. Microeconomics: price formation on competitive markets and monopoly markets, different regulations and their effects with a special focus on the housing market. The basis of contract theory with applications to procurement contracts.
3. Macroeconomics with a focus on property cycles and how these are related to the general business cycle and macroeconomic policies.

Disposition

Basic knowledge is presented in lectures and exercises. A term paper analyzing a selected real estate company is written.

Course literature

1. Compendium "Samhällsekonomi"
2. Axelsson, R, mfl "Mikroekonomi", or equivalent

Minor changes regarding course literature will be reported at the Course homepage four weeks prior to course start.

Examination

- PROA - Project, 1.5 credits, grading scale: P, F
- TENA - Examination, 6.0 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

If the course is discontinued, students may request to be examined during the following two academic years.

Allowed during the exam: a calculator and a Swedish-XXX dictionary.

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.