



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:

- present the principles behind how a market works
- analyze the effects from various changes on a market on prices and quantities produced
- understand the background of market failures and their implications
- explain the basics of environmental economics and how economic policy instruments may be used for a sustainable society
- 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
- explain the basic fundamentals behind cost- / benefit-analysis for, e.g., infrastructure investments
- critically analyze assumptions in such calculations
- interpret the annual financial statements for real estate companies

Course contents

The course covers the following areas:

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

Disposition

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

Course literature

- Perloff, J. M. (2017). Microeconomics: Theory and applications with calculus (4th ed.).

Harlow, Essex: Pearson Education Limited.

- Compendium of Articles (pdf format)

Some minor changes might to be made. In case of changes being made, these will be announced at least four weeks before the course starts.

Examination

- SEMN - Seminars, 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.