



# AI2156 Contract Theory with Application to Property Management 7.5 credits

Kontraktsteori med tillämpningar på fastighetsförvaltning

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

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

## Establishment

Course syllabus for AI2156 valid from Spring 2014

## Grading scale

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

## Education cycle

Second cycle

## Main field of study

Built Environment

## Specific prerequisites

Eligibility to the master programme in Real Estate and Construction Management.

## Language of instruction

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

## Intended learning outcomes

The overall aim of this course is to give the student a better understanding of the economics of contracts and how to apply this knowledge to practical situations involving property management.

After having finished the course the student should be able to:

- Describe the notion and consequences of asymmetric information.
- Identify situations characterized by hidden action and situations characterized by hidden characteristics.
- Making in-depth descriptions of the problems that may arise because of information asymmetry and incentive problem and suggest solutions.
- Understand the relevance of these problems for designing contracts related to outsourcing of services and in-house production of property management service, and for the design of rental contracts and incentives for owning vs leasing properties.
- Be able to design contracts that are efficient given the situations described above.

## Course contents

The course contains:

- Lectures, both on theory and application to property management.
- Exercises, especially on the basis theory.
- Project related to contracts in the area of property management.

## Course literature

George Hendrikse: Economics and Management of Organizations – Co-ordination, Motivation and Strategy, or equivalent. *Ändringar annonseras senast 1 månad innan kursstart./Changes will be announced at least one month before the course starts.*

*Artiklar, som meddelas senast en månad innan kursstart./Articles will be announced at least one month before the course starts.*

## Examination

- PRO1 - Project Work, 3.0 credits, grading scale: P, F
- TEN1 - Written Exam, 4.5 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.

## **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.