



AI2106 Business Cycles in Construction and Real Estate Markets 7.5 credits

Konjunkturcykler på bygg- och fastighetsmarknaden

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 AI2106 valid from Spring 2011

Grading scale

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

Education cycle

Second cycle

Main field of study

Built Environment

Specific prerequisites

Students should meet general admissions criteria for KTH Master programmes as well as specific criteria for Real Estate Management.

Language of instruction

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

Intended learning outcomes

The course aims at helping students understand how macroeconomic variables impact the real estate market.

After the course the student shall be able to:

- Explain the meaning of basic macroeconomic concepts.
- Describe and relate competing theories about causes behind changes in macroeconomic variables like GDP, inflation and unemployment, and policies to influence these variables.
- Use basic macroeconomic models like the IS-LM and AD-AS models to analyse the effects of various events and policies.
- Describe how various events and policy changes can affect interest rates and exchange rates.
- Explain various channels that link macroeconomic variables to the construction and property market.
- Describe and be able to compare different theories about cycles in construction activity.
- Describe and understand different theories about cycles in property prices and various views about price bubbles.
- Explain possible relations between the real estate market and financial stability.

The course will enable students to work as part of a team of people with different backgrounds with respect to culture and academic training. The course will also improve skills in writing and presentation of teamwork in English.

Course contents

GDP and its dynamics. Business cycle theory. Inflation, exchange rate, employment. Business cycles and its impact on the construction and real estate market. Construction cycles and price bubbles on the real estate market.

Course literature

- **The macroeconomic part:** Blanchard, O, Macroeconomics, fifth edition. Pearson International Edition. 2009. Information about the exact chapters that is included will be posted on Bilda.

- **The property cycle part:**

Articles will be posted on Bilda

Examination

- TENA - Examination, 4.5 credits, grading scale: A, B, C, D, E, FX, F
- ÖVN2 - Exercise, 3.0 credits, grading scale: P, 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.

Other requirements for final grade

Written examination (TEN1; 3cr).
Coursework (ÖVN1; 2cr).

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.