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ECON0503/2266 Urban Economics
Spring 2017

Instructor: C.Y. Tse
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Office hours: Monday and Thursday 2:00pm-3:00pm or by appointment
Class meeting: Monday 3:30pm-5:20pm, Thursday 3:30pm-4:20pm in MWT3
Teaching assistant: TBA

Lecture notes/Primary text:
Lecture notes for each class would be available for download about one week prior to class in Moodle. There are two documents for each lecture – the lecture note and the lecture slide. The contents of the two documents are identical. You only need one for studying and revision.

References
- Urban Economics by Arthur O'Sullivan, 5th edition, McGraw-Hill Irwin. (AO)
- Urban Economics and Real Estate Markets by Denise DiPasquale and William C. Wheaton, Prentice Hall. (DW)
- Additional references listed in each lecture

Assessment

Homework	15%
Test (23 March 2017)	25%
Exam (date TBA by exam unit; assessment period: May 8-27, 2017)	60%

Test and Exam
Students who miss the test and/or exam on the scheduled dates would be marked zero. Alternative arrangements would only be granted to students with sick leave certificates issued by medical doctors in Hong Kong for the date of the test/exam. There will be NO make-up tests under any circumstances. A student who is excused from the test on medical grounds will have his/her final examination covering the weight of the missed test.

Problem sets and tutorials
Out the possibly ten problem sets, the solutions of which will be discussed in the weekly tutorials, four will be collected and graded and counted towards 15% of the course grade.

Prerequisites ECON1001/1210 Introductory microeconomics, according to the *Regulations, Syllabus & Structure and List of Courses for the BEcon and BEcon&Fin programmes*
But this course is an *advanced theory* course; we shall make extensive use of formal and technical economic analysis. Prior exposure to such analyzes acquired in *Intermediate Microeconomics* is absolutely essential. Besides, students are expected to be familiar and comfortable with elementary

calculus (differentiation and integration) and mathematical statistics (computation of the expected value of a continuous r.v.). Students lacking such backgrounds could struggle in this class for a passing grade.

Course Description
Urban economics is the study of the location choices of firms and households. It examines the question of the where of economic activity, a question largely ignored by the other branches of economics. Topics include the growth and development of cities; land use within cities; urban transportation; housing and public policy; urban problems such as pollution, poverty and crime; and market forces determining the locations of ports and other transshipment points.
The emphasis is on how the location choices of firms and households interact to give rise to the *spatial and geographical* structure of economic activities. While at times, we would take our theories to understand contemporary urban and regional economic issues, by and large, this course is a ***theory*** course; our primary interest is on what economic theory has to say about the location decisions of households and firms.

Course Objectives
1. To provide simple yet rigorous frameworks to understand real world urban and regional economic issues.
2. To understand forces that shape the pattern of land use in cities.
3. To understand the forces for and against the agglomeration of economic activities.
4. To prepare students for more advanced studies in urban and regional economics.

Alignment of faculty's overall goals and course intended learning objectives

Course Learning Outcomes	Aligned Faculty Goals
CLO1. Be able to interpret real world urban and regional economic developments intelligently.	Goal# 1, 2, 3, 4, 5
CLO2. Be ready for more advanced studies in urban and regional economics.	Goal# 1, 2
CLO3. Be able to form sensible opinions on the spatial evolution of economic activities.	Goal# 1, 2, 3, 4, 5
CLO4. Be able to understand the likely effects of urban and regional economic policies.	Goal# 1, 2, 3, 4
Goal 1 - Acquisition and internalization of knowledge of the programme discipline Goal 2 - Application and integration of knowledge Goal 3 - Inculcating professionalism and leadership Goal 4 - Developing global outlook Goal 5 - Mastering communication skills	

Teaching and Learning Activities

Course Teaching and Learning Activities	Expected contact hours	Study Load (% of study)
T&L1. Lectures	36 hours	25.7%
T&L2. Assignments	36 hours	25.7%
T&L3. Tutorials	12 hours	8.6%
T&L4. Self-study	56 hours	40%
Total	140 hours	100%

Alignment Among Course Intended Learning Outcome and Teaching and Learning

Learning Outcome	Teaching and learning activity (TLA)
CILO1	T&L1, T&L2, T&L3, T&L4
CILO2	T&L1, T&L2, T&L3, T&L4
CILO3	T&L1, T&L2, T&L3, T&L4
CILO4	T&L1, T&L2, T&L3, T&L4

Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
A1. Homework		15%	CLO1-4
A2. Test		25%	CLO1-4
A3. Exam		60%	CLO1-4

Standards of Assessment

Grade	Grade Definition	Description
A+, A. A-	High distinction	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.
B+, B, B-	Distinction	Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.
C+, C, C-	Credit pass	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis
D	Pass	Evidence of basic familiarity with the subject.
F	Fail	Little evidence of basic familiarity with the subject.

Assessment Rubrics for Homework and Midterm Examination and Final Exam are the same as in course grade descriptors.

Academic Conduct
The University Regulations on academic dishonesty – behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved academic credit, either for oneself or for another, will be strictly enforced. The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence. And it may further report the candidate to the Senate, where there is *prima facie* evidence of an intention to deceive and where additional sanctions might be invoked.

Classroom etiquette
1. Please switch your cell phone to silent mode if you need to keep it on at all.
2. If you need to answer a call during class, quietly walk out of the classroom before you do so. When you finish, please leave and do not come back in again.
3. If you are late for more than 10 minutes, please do not bother to show up. Your entry in the middle of the class is a nuisance to everybody.
4. Unless for emergency, please do not leave the classroom before the class is over. Your doing so constitutes outright disrespect for the instructor.
5. Please do not come to the classroom to mainly surf the internet during class.

Outline of topics
The following outline of topics is tentative. We may add or drop a topic or two as we move along.

Topics	References
1. Introduction to the problems and issues of urban and regional economics (1 week)	AO, chapter 1
2. Overview of the urban real estate market – the FDW model (1 week)	DW, chapter 1
3. Households' locations – the urban housing market (2.5 weeks) • Ricadian land rent • Commuting, housing rent, and land rent • Population, city size, and rent • Housing rent and price in a growing city • Competing land uses and spatial separation • The density of residential development • Spatial separation by socio-economic status • Hedonic pricing of residential real estate	DW, chapters 2-4 AO, chapters 7-8, 17
4. Firms' locations (2 weeks) • The emergence of the central business district • The polycentric modern city • Clustering of firms in the urban center – agglomeration economies • The growth of urban subcenters	DW, chapters 4-5 AO, chapters 2 and 9
5. The location of retail establishments (1 week) • Classical retail location theory • Clustering of retail establishments to facilitate comparison shopping • Joint purchase and shopping district	DW, chapter 6 AO, chapter 4-5
6. Urban economic growth (1 week) • The base-multiplier model • A successful urban center - growth in population or in housing prices?	AO, chapter 6 DW, chapter 7
7. The economics of agglomeration (2 weeks) • The origin of cities • Agglomeration economies – sharing of a labor pool • Agglomeration economies – sharing of intermediate inputs • Agglomeration economies – human capital externality	AO, chapters 2-3 and 5

• Agglomeration economies – timeliness • Equilibrium and optimum city size – the roles play by local governments and land developers in achieving efficient urbanization	
8. Advanced topics (1.5 week) • The hierarchy of city, the Zipf's law for city size, and the central place theory • The New Economic Geography – The Core and Periphery Model • Technology and the life-cycle of cities • Digital technology and the future of cities • Long hours of work in big cities – productivity, selection, or the urban rat race?	TBA

amended on 18/7/2016