Course Code: TBA
Real Estate Finance and Economics
Module 4, Academic Year 2018-2019

Course Information

Instructor:
Office: PHBS Building, Room 750
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Office Hour: Tuesdays: 10:30-12:30

Teaching Assistant:
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Classes:
Lectures: Tuesdays and Fridays, Time: 8:30-10:20 AM
Venue: PHBS Building, Room TBA

Course Website:
TBA

1. Course Description

1.1 Context

Course overview: This course introduces the cutting edge research on real estate. It is no doubt real estate is a key factor in Chinese economy and financial market (as a key collateral both to household and to local government as seen by local financing vehicle). More interestingly, real estate market intersects with political economy as it is arguably the most corrupted industry. According to main stream literature, China's growth and policy implementation rely mainly on local government as regional decentralized authoritarian growth structure. Land allocation is the sole factor local government can control among other firm production factors.

Prerequisites: Econometrics, panel data, and Stata

1.2 Textbooks and Reading Materials

None. Cutting edge research means most recent research articles.

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be	1.1. Our students will produce quality	Yes. Research

effective communicators.	business and research-oriented documents.	project.
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes. Research presentation
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes. Group presentation.
	2.2. Students will be able to apply leadership theories and related skills.	Yes. Presentation.
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	No.
	3.2. Our students will practice ethics in the duration of the program.	No.
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes. Different countries' background will be exposed.
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes. Research foundations.
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes. Real estate is a major factor in Chinese economy.
	5.3. Our students will demonstrate competency in critical thinking.	Yes. Critical thinking will be embedded in the whole course. Challenge the authority.

2.2 Course specific objectives

The two purposes of this course are to provide you knowledge about real estate market and to embed you with micro-econometrics methodology as large dataset with panel data feature is common for nowadays research preparing you for third year thesis defences. The instructor will give you a large dataset on land transactions in China for five provinces from 2006-2017. At the end of the course, you will be asked to write a research project (around 10 pages) with baseline regression table included.

2.3 Assessment/Grading Details

35% - End of module research project (around 10 pages) (You are always welcome in consulting me regarding your research proposal during my office hours or during class breaks).

35% - Article presentation (Articles will be displayed below. Depending on the number of students registered, either individual or group presentations also the number of students in a group will be determined on May 10th).

30% - Class presentation (You will be randomly called to ask questions after others' presentation).

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate

dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule

The first three weeks will be taught by me. Thereafter will be student presentation and class discussions. I will surely involve heavily in student presentation and discussion.

Articles to be taught by the instructor: (Emphasize background and methodology)

Glaeser, E., Huang, W., Ma, Y., & Shleifer, A. (2017). A real estate boom with Chinese characteristics. Journal of Economic Perspectives, 31(1), 93-116.

Wang, Z., & Zhang, Q. (2014). Fundamental factors in the housing markets of China. Journal of Housing Economics, 25, 53-61.

Deng, Y., Morck, R., Wu, J. and Yeung, B., 2014. China's pseudo-monetary policy. Review of Finance, 19(1), pp.55-93.

Chaney, T., Sraer, D., & Thesmar, D. (2012). The collateral channel: How real estate shocks affect corporate investment. American Economic Review, 102(6), 2381-2409.

Rajan, R.G. and Ramcharan, R., 2011. Land and credit: A study of the political economy of banking in the united states in the early 20th century. The journal of finance, 66(6), pp.1895-1931.

Wang, S. Y. (2011). State misallocation and housing prices: Theory and evidence from China.

American Economic Review, 101(5), 2081-2107.

Wang, Chunyang, and Qinghua Zhang (2019) "Land Cronyism and Corporate Political Cycles in China" working paper.

Downloadable at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3310671

Nian, Yongwei and Chunyang Wang (2019) "Go with the Politician", working paper.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3331111

Articles to be presented by students: (complete list to be updated until May 7th)

Note: For papers with theoretical models, you are not required to present that section but need to outline the insights.

Ang, A., Bai, J., & Zhou, H. (2016). The great wall of debt: Real estate, political risk, and Chinese local government credit spreads. Working paper.

Mian, A. and Sufi, A., 2011. House prices, home equity-based borrowing, and the US household leverage crisis. American Economic Review, 101(5), pp.2132-56.

Baum-Snow, N., Brandt, L., Henderson, J. V., Turner, M. A., & Zhang, Q. (2017). Roads, railroads, and decentralization of Chinese cities. Review of Economics and Statistics, 99(3),435-448.

Cai, H., Henderson, J. V., & Zhang, Q. (2013). China's land market auctions: Evidence of corruption? The Rand Journal of Economics, 44(3), 488-521.

Chen, T., & Kung, J. K. (2016). Do land revenue windfalls create a political resource curse? Evidence from China. Journal of Development Economics, 123, 86-106.

Chen T., & Kung J. K. (2018). Busting the "Princelings": The campaign against corruption in China's primary land market. Quarterly Journal of Economics, forthcoming.

Besley, T. and Mueller, H., 2012. Estimating the Peace Dividend: The impact of violence on house prices in Northern Ireland. American Economic Review, 102(2), pp.810-33.

Chen, T., Liu, L., Xiong, W., & Zhou, L. A. (2018). Real estate boom and misallocation of capital in China. Working paper.

Chen, K., & Wen, Y. (2017). The great housing boom of China. American Economic Journal: Macroeconomics, 9(2), 73-114.

Gyourko, J. and Molloy, R., 2015. Regulation and housing supply. In Handbook of regional and urban economics (Vol. 5, pp. 1289-1337). Elsevier.

Fang, H., Gu, Q., Xiong, W., & Zhou, L. A. (2016). Demystifying the Chinese housing boom. NBER Macroeconomics Annual, 30(1), 105-166.

Gan, J. (2007). The real effects of asset market bubbles: Loan-and firm-level evidence of a lending channel. Review of Financial Studies, 20(6), 1941-1973.

Novokmet, F., Piketty, T., Yang, L., & Zucman, G. (2018). From communism to capitalism: Private versus public property and inequality in China and Russia. AEA Papers and Proceedings, 108, 109-13.

Wang, Z., Zhang. Q., & Zhou, L. A. (2018). Career incentives of city leaders and urban spatial expansion in China. Working paper.

Wei, S. J., Zhang, X., & Liu, Y. (2012). Status competition and housing prices (No. w18000). National Bureau of Economic Research.

Guidelines for Presentation

1. Every presentation should have a Key Sentence, which should appear in one of the first three slides. The purpose is for audience not to be lost, and with this key sentence, they can better understand your motivation slides and others.
2. Do not try to confuse people to make you appear knowledgeable. If I cannot figure out what you are talking about, I will randomly call another student or ask you to pick any student in the classroom to see whether he/she understands or not. Your work should be easily understood by your grandma, just like Poet Juyi Bai read poem to old women to check whether they understand the poem or not. So if a professor with a PhD cannot understand what you are saying, your presentation is failing.
3. Do not show too many words in one slide (unless you think your English does not help audience understand. People cannot read so much in such short time, and they cannot concentrate to listen to you when they are reading.
4. Asymmetry. You have already known the materials very well. Presenters often ignore the fact that for most of time, the audience has no idea of the topic. So it's better for you to think in the position of audience when you present.
5. If there is any figure, please first tell the audience what x and y axis indicate, especially the y axis.
6. Tables and Figures are most important elements as they are neat and simple to show.