

Academic Year: (2019 / 2020)

Review date: 22-04-2020

Department assigned to the subject: Economics Department

Coordinating teacher: PAPPA , PARASKEVI

Type: Electives ECTS Credits : 4.0

Year : 2 Semester : 2

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Macroeconomics I, II and III of Master in Economic Analysis

OBJECTIVES**1. Learning results:**

In this class we will review key and recent contributions in the field of Macroeconomics that explicitly model housing tenure decisions and residential investment, either at the macro or the micro level, to study various issues that are part of the public debate nowadays such as, for instance:

How does residential investment contribute to shape the business cycle?

Can we understand the recent housing boom?

What is the role of housing in creating global imbalances?

What is the quantitative effect of financial markets liberalization and opening up to international trade?

Is there a consumption wealth effect?

3. Competences:

At the end of the term students will be able to build structural model economies to test economic theories in a qualitative and quantitative sense.

Students will be able to work independently on their own research project.

2. Skills.

Students will acquire the following skills: They will be able to formulate versions of the various theoretic economies reviewed in class and build computer algorithms to obtain quantitative predictions of the theory.

DESCRIPTION OF CONTENTS: PROGRAMME

Modeling housing at the aggregate level

1. Morris A. Davis & Jonathan Heathcote, 2005. "Housing And The Business Cycle," International Economic Review, vol. 46(3), pages 751-784, 08.

2. Timothy J. Kehoe & Kim J. Ruhl & Joseph B. Steinberg, 2016. "Global Imbalances and Structural Change in the United States," forthcoming in JPE.

The household's portfolio

3. Antonia Díaz & María J. Luengo-Prado, 2010. "The Wealth Distribution With Durable Goods," International Economic Review, vol. 51(1), pages 143-170, 02.

4. Antonia Díaz & María J. Luengo-Prado, 2008. "On the User Cost and Homeownership," Review of Economic Dynamics, Elsevier for the Society for Economic Dynamics, vol. 11(3), pages 584-613, July.

Booms and busts in the housing market

5. V. Guerrieri, H. Uhlig, Chapter 17 - Housing and Credit Markets: Booms and Busts, In: John B. Taylor and Harald Uhlig, Editor(s), Handbook of Macroeconomics, Elsevier, 2016, Volume 2, Pages 1427-1496.
6. Garriga C. et al. ¿A Macroeconomic Model of Price Swings in the Housing Market¿.
7. Adam, Klaus & Beutel, Johannes & Marcet, Albert, 2014. "Stock Price Booms and Expected Capital Gains," Working Papers 14-12, University of Mannheim, Department of Economics.
8. V. Guerrieri and G. Lorenzoni: ¿Credit crisis, precautionary savings and liquidity traps¿, 2015.

Migration and housing

9. Stijn Van Nieuwerburgh & Pierre-Olivier Weill, 2010. "Why Has House Price Dispersion Gone Up?," Review of Economic Studies, Oxford University Press, vol. 77(4), pages 1567-1606.
10. Coen-Pirani, D. (2010). Understanding gross worker flows across U.S. states. Journal of Monetary Economics, 57(7):769¿784.
11. Lkhagvasuren, D. (2012). Big locational unemployment differences despite high labor mobility. Journal of Monetary Economics, 59(8):798¿814.
12. Demyanyk, Yuliya & Hryshko, Dmytro & Luengo-Prado, Maria Jose & Sorensen, Bent E., 2016. "Moving to a new job: the role of home equity, debt, and access to credit," Working Papers 16-1, Federal Reserve Bank of Boston.

Taxation

13. Gervais, Martin, 2002. "Housing taxation and capital accumulation," Journal of Monetary Economics, Elsevier, vol. 49(7), pages 1461-1489, October.
14. Sommer, K. and Sullivan, P., 2016 , Implications of the US tax policy for House Prices and Rents?

LEARNING ACTIVITIES AND METHODOLOGY

- We will have lectures every week presenting the state-of-the-art research on Macroeconomic and Housing.
- Students will solve a theory homework to test the basics of the theories reviewed.
- Students will solve other two homeworks where they have to build and simulate algorithms to test qualitatively the theories reviewed.

ASSESSMENT SYSTEM

Students enrolled in the class will have to solve three assignments and a final exam. The first assignment will comprise theoretical exercises and the other two will be computational. The weight will be 20% each assignment and 40% the final exam.

% end-of-term-examination:	40
% of continuous assessment (assignments, laboratory, practicals...):	60

BASIC BIBLIOGRAPHY

- . Stijn Van Nieuwerburgh & Pierre-Olivier Weill "Why Has House Price Dispersion Gone Up?, Oxford University Press, 2010
- Adam, Klaus & Beutel, Johannes & Marcet, Albert, "Stock Price Booms and Expected Capital Gains", "Working Papers 14-12, University of Mannheim, 2014
- Antonia Diaz & María J. Luengo-Prado "On the User Cost and Homeownership," , Review of Economic Dynamics, Elsevier for the Society for Economic Dynamics,, 2008
- Antonia Díaz & María J. Luengo-Prado, "The Wealth Distribution With Durable Goods," , International Economic Review, 2010
- Coen-Pirani, D Understanding gross worker flows across U.S. states, Journal of Monetary Economics, 2010
- Morris A. Davis & Jonathan Heathcote "Housing And The Business Cycle", International Economic Review, 2005
- Timothy J. Kehoe & Kim J. Ruhl & Joseph B. Steinberg, 2016. Global Imbalances and Structural Change in the United States, forthcoming in JPE., 2016
- V. Guerrieri, H. Uhlig, Housing and Credit Markets: Booms and Busts, , Elsevier, 2016

ADDITIONAL BIBLIOGRAPHY

- Demyanyk, Yuliya & Hryshko, Dmytro & Luengo-Prado, Maria Jose & Sorensen, Bent E. "Moving to a new job: the role of home equity, debt, and access to credit," Working Papers 16-1, Federal Reserve Bank of Boston., 2016
- Gervais, Martin "Housing taxation and capital accumulation," , Journal of Monetary Economics, Elsevier, 2002

- Lkhagvasuren, D. Big locational unemployment differences despite high labor mobility., Journal of Monetary Economics, 2012