

COURSE EXAM; GROUP A

REC-E3400 Housing Economics

Aalto University, Department of Built Environment

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Answer to both questions.

Please **write the answers using THIS WORD TEMPLATE without altering any of the settings** (w.r.t font, paragraph etc.); also notice that:

- Question 1: maximum length for the answers is 1 page
- Question 2: maximum length for the answer is 1 page
- As the length is limited, it is a good idea to concentrate on explaining *key issues* related to the question – that is, please *do not discuss issues that are off the point* (such discussion off the topic will decrease the points, as it implies that the student does not properly understand what is of importance w.r.t. the topic).
- You can answer either in English or Finnish, as long as you are consistent with the language selection (i.e. do not change between the languages)

Remember to **submit the exam document** with your answers to MyCourses exam return folder **by 4pm** today.

Name:

Student number:

Question 1:

Consider an innovation that makes housing construction cheaper and increases the durability of housing. Use the four-quadrant model of the real estate market to analyze the effects of this innovation on the housing market. **Select a graph** from Appendix 1 (pick only one!) that can be used to illustrate this case. Explain the effects of the innovation in terms of the model in words.

(max 10 points)

Question 2:

Why are housing prices higher and rental yields (cap rates) lower in Helsinki than in other Finnish cities (at the city level)? Discuss *analytically* based on what you have learned during the course (or knew before the course already).

(max 10 points)

Answer to **Question 1** here (maximum length: 1 page, i.e. needs to fit in this page)

Answer to **Question 2** here (maximum length: 1 page, i.e. needs to fit in this page)

APPENDIX 1



