China Urban and Real Estate Research Seminar

Level: Graduate  
Graded: Pass/Fail

11.403 (9 units, 2-0-7, with customized research training)  
11.S969 (3 units, 2-0-1, lunch lectures mainly)

Instructor: Siqi Zheng, 9-333, sqzheng@mit.edu  
http://siqizheng.mit.edu  
Teaching Assistant: Haijing Liu, haijing@mit.edu

Lunch lecture: Tuesday 12:30-2:00 pm, Room 9-255  
September 12, 19; October 3, 17, 31; November 14, 28.

Discussion Seminar: Tuesday 2:00-3:30 pm, Room 9-451  
September 26; October 24; November 7, 21; December 5, 12.

Office hours (open to enrolled students only, sign-up required): every Wednesday afternoon.

Prerequisite: None

Course Description and Objectives

China’s urbanization over the last three decades has been unprecedented in human history – 260 million migrants have moved to cities supporting rapid economic growth, while also creating huge opportunities for the real estate market. Over the next 30 years, an additional 300 million Chinese are likely to move to cities. This unprecedented wave of urbanization has not only changed the lives of hundreds of millions, but significantly modified the world’s political, economic, and environmental landscapes.

This graduate research seminar will focus on the fundamental mechanisms and key policy issues of urban development, real estate markets, and sustainability in China. It is geared towards students who are interested in China’s urban economy and real estate market. This seminar poses three questions: 1) With the liberalization of China’s land and real estate markets since the 1980s, how can we better understand the incentives and location choices of firms and households, the developers’ response to demand and regulation, and the aggregate consequences of such individual choices on real estate market dynamics, housing affordability, urban land use and spatial growth patterns? 2) Along other key dimensions of sustainable urbanization, e.g., transportation, energy and environment, local public finance and urban inequality, what are the
tensions, discontinuities and potential threats to sustainability? Have politicians and their policies succeeded or failed in addressing such challenges? 3) What differentiates China from other countries in their equivalent urbanizing historical periods? What may China’s experience offer for the rest of the world?

The course treats China’s real estate and urban development as the joint result of socioeconomic processes and conscious actions by governments, markets, and the public. This course is structured into three sections that examine the connections between these multiple functional domains. The course entails subjects that evolve continually to keep pace with current dynamics in China’s real estate sector and urbanization processes, engaging students to provide critical insights and produce cutting-edge academic work.

The course welcomes graduate students with a research interest in China’s urban economy and real estate market. This course has four main goals:

1. Introduce students to a systematic body of knowledge related to China’s real estate sector and urban development.
2. Improve capabilities in identifying key research questions, the most relevant scholars and literature engaging China’s urban and real estate markets, and other related topics you are interested in.
3. Assist students in forming ideas for their ongoing and future research, such as thesis projects, especially topics related to China (mainly for the 9-unit option).
4. Provide students with the basic training for writing a journal paper in a relevant field, and help students in improving the publication potential of their papers (mainly for the 9-unit option).

Course Organization and Assignments

The class will meet once a week (Tuesday) from 9/12 to 12/12.

On the selected Tuesdays (9/12, 9/19, 10/3, 10/17, 10/31, 11/14, 11/28), students will attend the lectures (dialogues) at 12:30 – 2:00 pm (lunch provided).

On the other Tuesdays (9/26, 10/24, 11/7, 11/21, 12/5, 12/12), students will participate in discussion seminars at 2:00 – 3:30 pm. Students who choose the 3-unit option are recommended to participate in at least two seminars.

1. **Readings and questions before the lecture** (mainly for the 9-unit option)

   Complete the assigned readings in advance of each lecture, and develop at least one question that you would like to pose to the speaker at the lecture. Please email Siqi and Haijing this question (or two) on Monday night (by 10 pm) before that lecture. We hope that least some of you will get to ask that question at the dialogue, and we will grapple with the other questions collectively as part of the follow-on discussion seminar.

2. **Lecture**
Lectures will be organized as a semi-structured dialogue. Programing of each lecture (dialogue) includes:

- Siqi opens the topic (5 min)
- Speaker presents the paper (30 min)
- Dialogue (30 min): Siqi (or an invited discussant) challenges the speaker; students participate in the debate/discussion
- Speaker reflects on the discussion (10 min)
- Siqi concludes (5 min)

3. **Reflection memo and discussion seminar** (mainly for the 9-unit option)

After each Tuesday lecture, write a 1 or 2 page reflection memo, including response to the following:

1) What do you consider to be the key points made in the speaker’s presentation and the dialogue?

2) What do the presentation and dialogue trigger you to think about in terms of interesting research questions for you or other scholars’ future studies?

Please upload your reflection memo by Monday noon (12 pm) before the next discussion seminar, to this course’s Stellar website. Be prepared to discuss the memo during the next discussion seminar (8-10 min per student, NOT graded).

4. **Office hours** (for the 9-unit option)

Students enrolled in this class are eligible to sign up for Siqi’s office hours (every Wednesday afternoon), to discuss about research ideas, paper writing, and other related topics.

5. **Term paper** (for the 9-unit option).

Each student will deliver a term paper by the end of this course. Each student will choose one of the candidate topics (provided by the instructor later), or if you like to propose a different topic (which is equally encouraged), please talk to me for comments and advice.

There will be three steps to conduct this term paper:

- Term paper proposal: each student need to write a 3-5 page proposal (outline) - Due by 4 pm on Friday, November 3rd (upload to this course’s Stellar system). In the class on November 7, each student has 5 min to present the proposal. Siqi and other students will comment on the presentations. Siqi will also provide suggestions on how to implement the research (in the class and in office hour meetings).
• Term paper: in the class on December 12, each student will have 10 min to present the term paper. Siqi and other students will give comments. Students then revise the paper based on the comments.

The final version of the term paper (up to 18 pages, with 2 line spacing, 12 pt fonts, based on APA Style) is due by 5 pm on Friday, December 22\textsuperscript{nd} (upload to this course’s Stellar system).

Here are the suggested formats of the term paper proposal and term paper.

<table>
<thead>
<tr>
<th>Term paper proposal</th>
<th>Term paper</th>
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<tbody>
<tr>
<td>Paper title</td>
<td>Paper title</td>
</tr>
<tr>
<td>Highlights (2-3 bullet points)</td>
<td>Highlights (2-3 bullet points)</td>
</tr>
<tr>
<td>1. Introduction</td>
<td>Abstract (250 words)</td>
</tr>
<tr>
<td>a. motivation/context/significance</td>
<td>Key words (3-5 key words)</td>
</tr>
<tr>
<td>b. objectives/research questions</td>
<td>1. Introduction</td>
</tr>
<tr>
<td>2. Brief literature review</td>
<td>a. motivation/context/significance</td>
</tr>
<tr>
<td>3. Methodology</td>
<td>b. objectives/research questions</td>
</tr>
<tr>
<td>a. data</td>
<td>2. Literature review</td>
</tr>
<tr>
<td>b. models/theories/methods</td>
<td>3. Methodology</td>
</tr>
<tr>
<td>4. Expected results</td>
<td>a. data</td>
</tr>
<tr>
<td>5. Expected impact and policy implications</td>
<td>b. models/theories/methods</td>
</tr>
<tr>
<td>6. References</td>
<td>4. Results and interpretation</td>
</tr>
<tr>
<td></td>
<td>5. Conclusion and discussion</td>
</tr>
<tr>
<td></td>
<td>a. summary of research findings</td>
</tr>
<tr>
<td></td>
<td>b. impacts and policy implications</td>
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<tr>
<td></td>
<td>c. limitation and future research</td>
</tr>
<tr>
<td></td>
<td>6. References</td>
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Class participation requirements and grading
The course grants two options for student participation in order to allow different levels of student commitment. See the details for the two options for class registration and their requirements:

<table>
<thead>
<tr>
<th>Options for class registration</th>
<th>9 units</th>
<th>3 units</th>
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</thead>
<tbody>
<tr>
<td>Course number</td>
<td>11.403</td>
<td>11.S969</td>
</tr>
<tr>
<td>(1) Readings and questions before the lecture</td>
<td>Yes</td>
<td>Optional</td>
</tr>
<tr>
<td>(2) Lunch lecture (dialogue)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>(3) Reflection memo and discussion seminar</td>
<td>Yes</td>
<td>Participation in 2 seminars (recommended)</td>
</tr>
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<td>(4) Office hours</td>
<td>Yes</td>
<td>Upon request</td>
</tr>
<tr>
<td>(5) Term paper</td>
<td>Yes</td>
<td>No</td>
</tr>
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</table>

(1) For the 9-unit option, all five elements are required (offered). Siqi’s office hours on Wednesday afternoon are only open to the students who choose this option.

(2) For the 3-unit option, readings before the lecture are not mandatory. But the students are encouraged to read them and email Siqi and Haijing their questions before the lecture. Students are required to attend all lectures, and are recommended to attend at least two discussion seminars. They should finish the corresponding reflection memos before attending discussion seminars. Students are not required to submit a term paper.

Satisfactory performance includes consistent class attendance and engagement; satisfactory completion of assignments, class presentation and term paper submission. Enthusiasm and improvement will be taken into consideration in the evaluation of a student’s performance.

If you must miss a class, you should notify the TA and instructor in advance by email. Students who consistently do not attend classes or are always late for class will obtain lower participation grades at the instructor’s discretion.
Course schedule and readings

Part 1: Introduction

Class 1: September 12 (lecture)

- Speaker: Siqi Zheng (course instructor)
- Introduction lecture: China’s Urban Policies and Their Implications for Real Estate – an Introduction
- Class enrollment and logistics

Part 2: Land and Real Estate Markets in China

Class 2: September 19 (lecture/dialogue)

- Speaker: Junfu Zhang (Associate Professor, Department of Economics, Clark University)
- Topic: Land Conversation and Misallocation across Cities in China
- Discussant (dialogue guest): Siqi Zheng
- Pre-class readings


Class 3: September 26 (discussion seminar)

- Focus: Institutional Barriers in China’s urban land market
- Student presentations, commented by the instructor

Class 4: October 3 (lecture/dialogue)
- Speaker: Prof. Steve Malpazzi (Professor Emeritus, Department of Real Estate, Wisconsin School of Business)
- Discussant (dialogue guest): Siqi Zheng
- Topic: Housing Policy 'Recipes': International Lessons for China? China's Lessons for other Countries?
- Pre-class Readings:


**Class 5: October 17 (lecture/dialogue)**
- Speaker: Siqi Zheng (course instructor)
- Topic: Understanding Real Estate Price Dynamics and Regulations in Chinese Cities
- Discussant (dialogue guest): David Geltner (Professor of Real Estate Finance, MIT CRE)
- Pre-class readings


**Class 6: October 24 (discussion seminar)**
- Focus: Rationales behind China’s real estate market puzzles and housing policies
• Student presentations, commented by the instructor

**Part 3: Sustainable Urbanization in China**

**Class 7: October 31 (lecture/dialogue)**
- Speaker: **Siqi Zheng** (course instructor)
- Title: **Urban Transportation in China: Subway and High-Speed Rail**
- Discussant (dialogue guest): Jinhua Zhao (Associate Professor, MIT DUSP)
- Pre-class Readings:


  Qin, Yu. “‘No county left behind?’The distributional impact of high-speed rail upgrades in China.” *Journal of Economic Geography* 17, no. 3 (2017): 489-520.

**Class 8: November 7 (discussion seminar)**
- Focus: Urban transportation in China
- Student presentations, commented by the instructor
- Term paper proposal presentations

**Class 9: November 14 (lecture/dialogue)**
- Speakers: **Shanjun Li** (Associate Professor, Dyson School of Applied Economics and Management, Cornell University)
- Topic: **Air Pollution, Health Spending and Willingness to Pay for Clean Air in China**
- Discussant (dialogue guest): Siqi Zheng
- Pre-class Readings

  Barwick, Panle Jia and Li, Shanjun and Rao, Deyu and Zahur, Nahim Bin, Air Pollution, Health Spending and Willingness to Pay for Clean Air in China (2017).
  *Available at SSRN: https://ssrn.com/abstract=2999068*

* Cost and Benefit of Clean Air Act
[https://www.epa.gov/clean-air-act-overview/40th-anniversary-clean-air-act](https://www.epa.gov/clean-air-act-overview/40th-anniversary-clean-air-act)


**Class 10: November 21 (discussion seminar)**
- Focus: Environmental sustainability of China’s fast urbanization
- Student presentations, commented by the instructor

**Part 4: Urban Governance and Political Economy in China**

**Class 11: November 28 (lecture/dialogue)**
- Speaker: Fubing Su (Associate Professor of Political Science, Vassar College)
- Topic: *Understanding Chinese Development from Local Officials: institutions, incentives, and consequences*
- Discussant (dialogue guest): Siqi Zheng

- Pre-class Readings


Some online videos:
Local competition (Chinese and Japanese, no English version)
https://www.youtube.com/watch?v=ihrqR2CqAxw&list=PLCKx6rPL2O_JZnHao1cVgV_nxurJSS-x&index=4.
China model: https://www.youtube.com/watch?v=TwQx3n29OtY.
The Chinese Mayor: https://www.youtube.com/watch?v=UQZSoMqOKJI.
The Transition Period: https://www.youtube.com/watch?v=a_0bieSP80.

**Class 12 December 5 (discussion seminar)**
- Focus: Urban governance and political economy in Chinese cities
- Student presentations, commented by the instructor

**Class 13: December 12 (student presentations)**
- Final paper presentations by students