Lingnan University
Department of Economics

Term 1, AY2026-27

Course Title	:	The Hong Kong Housing Market
Course Code	:	ECO3001
Recommended Study Year	:	3 or 4 year
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial (with Serive Learning Assessment)
Class Contact Hours	:	3 hours per week
Category in Major Prog.	:	Economics Major (Elective Course) / SPPS Major (Elective Course)/ Free Elective
Discipline	:	Economics
Prerequisite(s)	:	(a) ECO2101 Introduction to Economics, or (b) ECO2104 Introduction to Microeconomics and ECO2105 Introduction to Macroeconomics, or (c) BUS2105 Microeconomics for Business
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption Requirement(s)	:	N/A

Brief Course Description:

This course provides students with an understanding of the structure and operations of housing markets and looks at key housing policy issues critically. There is an emphasis on intuition and analysis, focusing on the interplay between policy and market. This is an important area of study, with policy implications touching the daily lives of everyone living in Hong Kong. The nexus between housing and the macro economy will also be analyzed. While this course primarily focuses on the Hong Kong, some topics will be supplemented with international materials and statistics for comparative purposes.

Aims:

This course introduces to students the economic approach to analyzing problems related to housing and housing policy. It aims to equip students with the basic tools to analyze the housing market and the roles of government policies with reference to the current policy debate in Hong Kong.

Learning Outcomes (LOs):

Upon completion of this course, successful student should be able to:

1. describe the characteristics of housing market and explain the meanings and measurements of various economic indicators and housing statistics;

2. demonstrate an understanding of the peculiarities of the housing market and how the housing market works;
3. exhibit an understanding of the effects of housing policies that assist low-income and middle-income households and how to apply the concepts of efficiency and equity to housing provisions and policies;
4. exhibit an understanding of the concept of accessibility and the formation of land rent and identify the roles of the government in the land supply and housing market;
5. describe and explain the relation between economic cycles and the housing markets.

Indicative Contents:

1. Introduction to Housing Market: Characteristics, Indicators and Housing Statistics

1. Introduction: Economic analysis of housing market
2. Indicator and Statistics for housing market in HK and international comparisons

2. The Housing Market

1. The nature of housing services and the dwelling unit
2. What determines the price of housing services or rent
3. What determines the price of the dwelling unit: bid rent
4. Ownership vs. renting
5. The hedonic price approach
6. The supply of housing: new and existing housing, filtering
7. The demand for housing: investment demand, consumption demand, role of expectations
8. Liquidity and market tightness

3. Housing Problems and Policies in Hong Kong

1. A historical review of housing problems and policies in Hong Kong
2. Homelessness and subdivided flats in Hong Kong: An economic perspectives
3. Housing the poor and redistribution: Public housing in Hong Kong
3. Should Governments encourage homeownership? The public housing privatization in Hong Kong
4. Housing Ladder and homeownership: Home Ownership Scheme (HOS) in Hong Kong
5. Housing and retirement protection: Reverse mortgage in Hong Kong

4. Land Market in Hong Kong: goals, instruments and impacts

1. Locational choice and land rent
2. Physical distance and distance in terms of economic cost of accessibility
3. The role of land rent in determining land use

4. History of land supply policies in Hong Kong
5. Supply-driven vs. demand-driven model: Land Sales Programme and Application List System
6. Housing Production Target

5. Housing Market Cycles and Macro Economy

1. 1997 housing price bubble in Hong Kong
2. Housing market speculation and demand-side management measures – 3D: Special Stamp Duty (SSD), Buyers Stamp Duty (BSD) and Double Stamp Duty (DSD)
3. 2008 subprime crisis in the US
4. Lost decade: The Japan housing price bubble in the 1990s

Teaching Method:

Lectures combined with tutorials, consultation, service-learning, oral presentation, in-class discussion, and group project. This course adopts the service-learning approach as a component in continuous assessment. There are two community-based service learning activities which would enhance the academic concepts covered in lecture.

Activity 1: Service-learning Research Project

In tutorials, students will be divided into groups to conduct a service-learning research project on topic:

Willingness to consider applying for reverse mortgage and annuity among the middle and old age homeowners in Hong Kong

Under the guidance of the course instructor, the OSL staff will train students to work with a community partner, focusing on aspects of reserve mortgage, annuity and retirement protection. Through the group project, students will work together to collect data (e.g. survey, focus group or interview etc.); apply academic knowledge (e.g. reserve mortgage, annuity and retirement protection,) to the project and report on information that is helpful to the community. (LOs: 1-4)

Activity 2: Visit to Subdivided Flat and Youth Hostel

The course instructor and the OSL staff will arrange a half-day visit to a subdivided flat. The visit will enhance the academic concepts learned in lecture (e.g., demand/supply for low-income rental market for housing, rent control, and conditions when a market ceases to exist.). Students will be asked to write a reflective essay. (LOs: 1-4)

Measurement of Learning Outcomes

	Assessment Method				
Learning Outcome	Class Participation	Individual reflective essay	Service Learning Project	Quizzes	e-learing activity

Describes the characteristics of housing market and explain the meanings and measurements of various economic indicators and housing statistics;	√	√	√	√	√
Demonstrate an understanding of the peculiarities of the housing market and how the housing market works;	√	√	√	√	√
Exhibit an understanding of the of the effects of housing policies that assist low-income and middle-income households and how to apply the concepts of efficiency and equity to housing provisions and policies	√	√	√	√	
Exhibit an understanding of the concept of accessibility and the formation of land rent and identify the roles of the government in the land supply and housing market;	√	√	√	√	√
Describe and explain the relation between economic cycles and the housing markets	√	√		√	

Assessments:

Continuous Assessment

	Service Learning Project:	**45%**
1.	Assessment by Partner Agency	5%
2.	Group Presentation	15%
3.	Group Paper	15%
4.	1st Individual reflective essay	10%
5.	Class Participation	5%
6.	2nd Individual reflective essay	10%
7.	E-learning activity	10%
8.	Quiz 1	15%
9.	Quiz 2	15%

Required/ Essential Reading:

Arthur O'Sullivan, *Urban Economics*, Latest Edition, McGraw Hill

Recommended/ Supplementary Readings:

DiPasquale, Denise and William C. Wheaton, *Urban Economics and Real Estate Markets,* Prentice Hall, current edition.

John F. McDonald and Daniel P. McMillen, *Urban Economics and Real Estate: Theory and Policy*, John Wiley & Sons, Inc., 2011, second edition.

Hong Kong Property Review, Various issues, Rating and Valuation Department of HKSAR

Demographia International Housing Affordability Survey, latest edition.

Case-Shiller 20-City Composite Home Price Index. Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/SPCS20RSA

Ho, M.H.C. (2003). Liquidity and price differentials: Evidence in the Hong Kong Residential Re-sale Market. *Housing Studie*s 15(5): 745-763.

Leung, K.Y.C., C.K.G. Lau and Leong, Y. (2002). Testing alternative theories of the property price-trading volume correlation. *Journal of Real Estate Research* 25(3): 241-255.

Richard K. Green & Michelle J. White. (1997). "Measuring the Benefits of Homeowning: Effects on Children," Journal of Urban Economics, 41, pages 441-461.

Rose Neng Lai, and Yang Zhang. (2012). The Myth or the Fact of Housing for Young People in Macao, *Journal of Youth Studies*, 29(15).

Chou, K., Chow, N.W.S and Nelson, W.S. and I. Chi. (2006). Willingness to consider applying for reverse mortgage in Hong Kong Chinese middle-aged homeowners. *Habitat International* 30(3):716–727

Ho, L. S. and Gary W. C. Wong. (2006). Privatization of public housing: Did it cause the 1998 recession in Hong Kong? *Contemporary Economic Policy* 24(2): 262-273.

Ho, L S, Y. Ma and D. R. Haurin. (2008). Domino effects within a housing market: The transmission of house price changes across quality tiers. *Journal of Real Estate Finance and Economics* 37(4): 299-316.

Ho L.S and Gary W.C. Wong, 2008, "Nexus Between the Housing Market and the Macroeconomy", *Pacific Economic Review*, 2008(13)2, 223-239.

Ho L.S and Gary W.C. Wong. (2009). "The First Step on the Housing Ladder: A Natural Experiment in Hong Kong", *Journal of Housing Economics*, 2009 (18), 59-67.

Hui, E. and J.T. Wong (2007). The impact of supply of subsidized sale flats on private housing price in Hong Kong. *Journal of Real Estate Literature* 15 (2): 255-280.

Lui, H.K. (2007). The redistributive effect of public housing in Hong Kong. *Urban Studies* 44 (10):

1937–1952.

O'Flaherty, Brendan. (1996). Making Room: The Economics of Homelessness. Cambridge, Mass : Harvard University Press.

Hui, E. (2004.) An empirical study of the effects of land supply and lease conditions on the housing market: a case of Hong Kong. *Property Management* 22(2): 127-154.

Li, L.H and K. Wong and K.S. Cheung (2016). Land supply and housing prices in Hong Kong: The political economy of urban land policy. *Environment and Planning C: Government and Policy* 34 (5): 981-998

Long Term Housing Strategy 2014. Transport and Housing Bureau of HKSAR Steering Committee

Peng, R. and C. Wheaton. (1994). Effects of restrictive land supply on housing in Hong Kong: An Econometric Analysis. *Journal of Housing Research* 5(2): 263-291.

Gary W.C. Wong and L.S. Ho, 2017, "Policy-driven housing cycle: The Hong Kong case of supply intervention", *International Real Estate Review,* 20(3), 375-396.

Joseph C.Y Laua, Catherine C.H Chiu. (2004). Accessibility of workers in a compact city: the case of Hong Kong. *Habitat International,* 28(1), 89–102

Lai, Neng and Ko Wang. (1999). Land-Supply Restrictions, Developer Strategies and Housing Policies: The Case in Hong Kong. *International Real Estate Review*, 2(1), 143-159

Ho, L. S. and Gary. W. C. Wong. (2008). The nexus between housing and the macro economy: The Hong Kong case. *Pacific Economic Review* 13(2): 223-239.

Conclusions of the Financial Crisis Inquiry Commission. 2011. *The Financial Crisis Inquiry Report*. U.S. Government Printing Office, Washington DC.
http://fcic-static.law.stanford.edu/cdn_media/fcic-reports/fcic_final_report_conclusions.pdf

Saxonhouse, Gary and Stern, Robert (Eds) (2004). *Japan's Lost Decade: Origins, Consequences and Prospects for Recovery (World Economy Special Issues)*, Wiley-Blackwell.

WARNING

With regard to your coursework in particular, you are reminded: You must note the sources of quotations, data and general information in the essay. These sources/references should appear in alphabetical order in your list of references/bibliography.
According to Lingnan University and Social Sciences Programme policy, plagiarism is "presentation of another person's work without proper acknowledgment of the source". Plagiarism (unattributed copying) will be heavily penalised and may attract a zero mark and disciplinary action.

Important Notes

1. Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
2. Students shall be aware of the University regulations about dishonest practice in course work,

tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations and Course Work. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.

3. Students are required to submit writing assignment(s) using Turnitin.
4. To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on https://pla.ln.edu.hk/.
5. "Students must adhere to the University’s guidelines and practices when using Generative Artificial Intelligence (AI) tools. The official documents “Guidelines for Using GAI Tools at Lingnan University” and “Best Practices for Ethical and Responsible Use of GAI Tools in Course Assessments” can be found here: https://www.ln.edu.hk/tlc/generative-artificial-intelligence/gai-guidelines-best-practices."

Assessment Rubrics for Individual Reflective Essay

Learning Outcome	**Assessment Rubrics**			
	Excellent A-, A	Good B- to B+	Acceptable C- to C+	Poor D or below
Demonstrate an understanding of the peculiarities of the housing market and how the housing market works (50%)	Able to demonstrate a thorough understanding of the different aspects about the housing market: supply and demand, stake holders’ incentives, government policy	Able to demonstrate a good understanding of how the housing market works & why and how government has a role	Able to demonstrate a basic understanding of how the housing market works & why/how government has a role	Unable to demonstrate any understanding of how the housing market works
Exhibit an understanding of the of the effects of housing policies that assist low-income and middle-income households and how to apply the concepts of efficiency and equity to housing provisions and policies (50%)	Able to demonstrate a thorough understanding of the effects of housing policies that assist low-income and middle-income households, underscored by an understanding of the concept of efficiency and equity	Able to demonstrate a good understand-ing of the effects of housing policies that assist low-income and middle-income households, underscored by an understanding of the concept of efficiency & equity	Able to demonstrate a basic understanding of the effects of housing policies that assist low-income and middle-income households	Lack of a basic understanding of the effects of housing policies

Assessment by partner agency(or Office of Service Learning)

Criteria	***Excellent***	***Good***	***Average***	***Poor***
Attendance (50%)	Attends every class on time without absence.	Attends most classes on time with minimal absences.	Attends some classes but with several absences	Frequently absent or late to class.
Active Listening (50%)	Consistently demonstrates active listening by responding thoughtfully, taking notes, and engaging respectfully.	Usually listens attentively and occasionally participates or responds appropriately.	Sometimes distracted or passive, with limited participation or engagement.	Rarely listens or is frequently distracted, showing little to no engagement.

Assessment Rubrics for Quizzes

Criteria	***Excellent***	***Proficient***	***Meets Minimum Standard***	***Below Standard***
Accuracy (50%)	41-50	31-40	21-20	0-20
	Appropriate concepts are all applied correctly	Most concepts are applied correctly	Some concepts are applied at too general a level or misapplied but the central ones are applied correctly and specifically	Most concepts are applied at too general a level or misapplied
Comprehension of all the relevant concepts. (40%)	31-40	21-30	11-20	0-10
	Demonstrates a deep insightful level of understanding	Demonstrates a good surface level of understanding	Demonstrates a fair level of surface understanding	Demonstrates an inadequate level of understanding
Extent to which ideas are expressed logically, accurately and clearly. (10%)	9-10	7-8	4-6	0-3
	Expression of ideas is consistently accurate, logical and clear	Expression of ideas is generally accurate, logical and clear with some minor lapses	Expression of ideas is comprehensible but there are some major lapses	Largely incomprehensible with some major inconsistencies and errors

Assessment Rubrics for Group Presentation

	Assessment Criteria	Excellent	Good	Fair	Need Improvement
Content	**Conceptual understanding of subject matter**	Covers a broad and in-depth range of relevant concepts/theories, demonstrating a comprehensive understanding	Good: Applies concepts/theories and important ideas pertinent to the topic accurately, showcasing a solid understanding	Demonstrates some understanding of concepts/theories and important ideas, but lacks depth or accuracy	Concepts/theories and important ideas pertinent to the topic are not accurately used, showing a lack of understanding

	Analysis of Issues	Thoroughly interprets and evaluates the information, and comprehensively analyzes and synthesizes the issues from multiple perspectives with original thinking.	Provides information with substantial interpretation/evaluation, conducts detailed analysis or synthesis from multiple perspectives with some original consideration.	Offers basic analysis or synthesis from two perspectives with limited original thinking, and includes some interpretation/evaluation of information.	Superficially analyzes or synthesizes the issue from a single perspective, and merely lists information without interpretation or evaluation.
	Integration of sources and evidence	Employs empirical evidence or information (explanations, examples, illustrations, statistics, analogies, quotations from relevant authorities) that is highly relevant, accurate, and thoroughly completed. Sources are consistently cited correctly.	Proficient: Utilizes empirical evidence or information that is generally relevant and adequate to support the topic. Sources are cited correctly with minor errors present.	Includes a significant amount of information that is not relevant and insufficient to support the topic. Some information may be inaccurate or unverifiable, and there may be instances of no citing of sources or incorrect citations.	Fails to incorporate relevant empirical evidence or information to support the topic adequately. Information provided is largely irrelevant, inaccurate, or unverifiable. There is a lack of proper citation of sources or consistent errors in citations.
	Responses to questions	Responds adeptly to all questions, providing answers that demonstrate deep knowledge and understanding of the topic.	Responds appropriately to the questions, showcasing good knowledge and understanding of the subject matter.	Struggles to respond effectively to some questions, demonstrating limited knowledge and understanding.	unable to respond to spot questions, indicating a lack of knowledge and understanding of the topic.
Presentation Skills	**Uses good body language, eye contact, appropriate voice tone**	Demonstrates exceptional eye contact with the audience. Projects high levels of enthusiasm and confidence. Utilizes voice tone effectively to engage the audience	Makes good eye contact with audience. Shows enthusiasm and confidence. Uses voice tone effectively	Makes fairly good eye contact with audience Shows some enthusiasm and confidence. Uses voice tone relatively effectively	Makes little or no eye contact with audience. Shows little or no enthusiasm and confidence. Uses voice tone ineffectively or too monotone
	Appropriate time allocation and pace	Demonstrates exceptional ability to allocate time appropriately and manage time effectively, maintaining an ideal pace throughout the presentation.	Allocates time appropriately, managing time effectively with a reasonable pace. May be slightly long or short but still uses time effectively.	Shows some issues with time allocation, with the pace being marginally too fast or too slow. Time management is somewhat effective.	Significantly deviates from the allocated time, being either too short or too long, and does not use time effectively. The pace is significantly too fast or too

					slow, impacting the overall presentation quality.
	Makes effective use of presentation tools (e.g., slides, handouts)	Demonstrates proficient use of presentation tools with minimal distractions, such as well-chosen animations, relevant images, clear and concise titles, and slides containing succinct information without being excessively wordy.	Generally employs presentation tools effectively, with some minor distractions like appropriate animations, relevant images, clear titles, and slides containing concise information without unnecessary verbosity.	Shows inadequate use of presentation tools, with noticeable distractions including excessive animations or images, slides containing too much information leading to wordiness, or missing titles that affect clarity.	Exhibits poor utilization of presentation tools and numerous distractions, such as an overload of animations or images, slides crammed with excessive information resulting in being overly wordy, or a lack of proper titles that hinders understanding.

Assessment Rubrics for Group Paper

CATEGORY	Excellent	Good	Satisfactory	Unsatisfactory
Research Question/ hypothesis (20%)	10 points	8 points	6 point	3 points
	Wrote clear, creative and interesting questions/hypotheses which fit the topic.	Wrote clear questions/hypotheses which fit the topic.	Wrote some questions/hypotheses which did not fit the topic.	Wrote many questions/hypotheses which did not fit the topic.
Argument (30%)	10 points	8 points	6 point	3 points
	arguments both well supported and genuinely compared to conflicting explanations	main arguments valid, systematic, and well supported	some arguments valid and well supported, some not	weak, invalid, or no argument, perhaps a simple assertion
Use of Data or Evidence (30%)	10 points	8 points	6 point	3 points
	fully exploits the richness of the data/evidence/ideas, and is sufficiently persuasive	feasible evidence appropriately selected and not over-interpreted	some appropriate use of evidence but uneven	draws on little or no evidence, mostly relies on assertions or opinions, or evidence not clearly presented
Organization and Writing (20%)	10 points	8 points	6 point	3 points
	structure enhances the argument, strong sections and seamless flow. Virtually no English error.	structure supports the argument, clearly ordered sections fit together well. Some minor English errors.	structure is of inconsistent quality, may have redundancies or disconnections. Frequent English errors.	needs significant reorganization. English errors significantly impair Readability.
				TOTAL POINTS

Grading Rubric for Class Participation

Criteria	***Excellent*** ***8-10 pts***	***Good*** ***4-7 pts***	***Average*** ***1-3 pts***	***Poor*** ***0 pts***

	A A- B+	B B- C+ C	C- D+ D	F
Quality of Comments (70%)	• *Timely and appropriate comments, thoughtful and reflective, responds respectfully to other student's remarks, provokes questions and comments*	• *Volunteers comments, most are relevant and reflect some thoughtfulness, may or may not lead to other questions from students*	• *occasionally participates and offers a comment when directly questioned, may simply restate questions or points previously raised, may add nothing new to the discussion or provoke no responses or question*	• *Does not participate*
Active Listening (30%)	• *Posture, demeanor and behavior clearly demonstrate respect and attentiveness to others*	• *Listens to others most of the time, demonstrate respect and attentiveness to others*	• *may not stay focused on other's comments or loses continuity of discussion*	• *Disrespectful of others when they are speaking* • *Ignoring others' remarks*

Assessment Rubrics for e-learning activity

Students participating as Property Agents will be assessed based on the number of houses successfully sold across three trading rounds. Key criteria include effective use of housing attributes (price, location, size, age, floor level, transport access, liquidity) in advertising and matching buyer preferences. Accuracy and clarity in posting advertisements with relevant screenshots and captions are essential. Buyers will be evaluated on their ability to select the best house within their financial constraints and preferences, demonstrating understanding of mortgage policies and affordability calculations.

Transaction	**10% final score**
As Seller	
1st House sold	2%
2nd to 3rd House sold	1.5% each
4th to 5th House sold	1% each
6th house sold	0.5%
Bonus score	0.5%
As Buyer	2%