Overview: This course is a Ph.D-level applied microeconomics course focusing on urban economics. The field is quite diverse and could easily take up a two-semester sequence, so we will only be able to cover selected topics in this one-semester course. The course begins by examining the monocentric city model by developing bid-rent functions and performing comparative static predictions of the model. The next section of the course reviews both parametric and nonparametric procedures for empirically testing the predictions. We analyze extensions of the basic model to polycentric cities, examine the economics of agglomeration economies, housing markets, urban transportation issues and review some recent themes in economic geography. Other topics may be added depending on the interests of the class.

Recommended Textbooks:


Handbooks of Urban and Regional Economics:

**Course Evaluation:** *(subject to revision)*

- 20% Midterm (in class)
- 20% Final Replication Project (take-home, due Friday May 6, 2016)
- 30% Research Proposal (topics due March 9, final paper due Monday May 2, 2016)
- 20% Homework sets
- 10% Class presentation(s)

The midterm will consist of problems and will be closed-book, closed-note and given in-class. There will be about 3 homework sets, and at least one will involve the use of Stata. We may also use ArcGIS, a digital mapping program. The goal of the research proposal is to develop the beginnings of an empirical project by the end of the course. The proposal should be approximately 8-10 pages and should include a literature review and proposed research project including the main hypothesis, description of the data that will be used, and the empirical strategy (more guidelines will be provided later). Each student will also be required to present one or more articles to the class in the style of a referee report and to lead the class discussion.

**Course Policies:** I expect you to attend all classes and to be an active participant in each. Homework and other course materials will be posted on our class Blackboard website.

All exams and assignments are mandatory. Unapproved absence from any exam counts as a zero. You are expected to do your own work on the exams. No makeup exams. Any absence from an exam for medical reasons must be documented by your physician. Any other absence from an exam must be approved by me *in advance* in writing. No late assignments accepted. Any late homework receives a score of zero. Original hard copies (but no Xeroxes) of homeworks are required; no electronic submissions will be accepted. You may form homework study-groups (in fact I encourage you to do so), but each student must turn in her/his own homework sets. Each homework set turned in must be unique and original.

All exams and assignments are covered by the Honesty code of the University of Houston (see [http://catalog.uh.edu/content.php?catoid=13&navoid=3246](http://catalog.uh.edu/content.php?catoid=13&navoid=3246))

**Course Preparation:** Students should have completed the first-year Ph.D. sequence in microeconomic theory, and at least one course in econometrics. Familiarity with Stata is also assumed.

**Learning Outcomes:**

- Students will attain through lectures, homeworks, and readings, substantive knowledge about the economics of cities and regions.
- Students will improve their technical knowledge about a number of modelling aspects, econometrics techniques, and the link between the two.
- Students will improve their critical thinking (and hopefully creativity) about existing research on cities and regions.
Course Outline

Note: The course outline is subject to revision; not all papers and topics will be covered. More papers may be added. The exams will be based on a combination of the readings and lectures. I will indicate in class which papers will be required for the exams.

1. The Monocentric City Model, Theory

Glaeser, Chapter 2.

Fujita, Chapter 2.


2. The Monocentric City Model, Extensions

Glaeser, Chapter 2


Hanson, Andrew, Kurt Schnier, and Geoffrey K. Turnbull, “Drive ‘Til You Qualify: Credit


### 3. The Monocentric City Model, Empirics


4. Agglomeration Economies

Glaeser, Chapter 4.


Rosenthal, Stuart S. and William C. Strange, “Evidence on the Nature and Sources of
5. Polycentric Cities: Theory


6. Polycentric Cities: Empirics


7. **Spatial Equilibrium across Cities**

Glaeser, Chapter 3.


Gyourko, Joseph and Joseph Tracy, “The Structure of Local Public Finance and the Quality


### 8. Urban Transportation and Mode Choice


9. Hedonic Models


10. House Price Dynamics


11. New Economic Geography


McMillen, Daniel P. and Thomas Klier, “Clustering of Auto Supplier Plants in the United


