

**SA422 HOUSING ECONOMICS AND FINANCE 2008/2009**  
**Prerequisite Class Problem Set 1**  
**(for Week 2; 16 October 2006, 9am – 10am, E304)**

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1. Draw a demand curve for housing.
2. Clarify what is on the axes.
3. Explain what happens to demand if the price of housing increases/decreases.
4. What factors will shift the demand curve? Why?
5. Draw a supply curve for housing.
6. Explain what happens to supply if the price of housing increases/decreases.
7. What factors will shift the supply curve? Why?
8. Draw a market for housing. What is equilibrium price ( $p^*$ )?
9. What happens if actual price is above  $p^*$ ; below  $p^*$ ?
10. What happens if incomes rise?
11. What happens if 10% of supply is declared unfit for human habitation?
12. What happens if the government sets a controlled price below  $p^*$ ?