

# How Real Estate Affects the U.S. Economy

## Economics

### Lesson Overview

December 2010

This lesson is for students in grades 9-12. This lesson can take between 2-3 weeks at a traditional high school. I am currently at a non-traditional high school the students have this lesson twice a week so it may take a little longer but can be done if students do more homework and outside research. The first part of this lesson deals with vocabulary. You can start with the current real estate market and move backwards or start with history and move forward. Essentially this lesson aims at teaching students how recession, depression and its causes. Things like over indulgence and corruption and how government intervention may help or hinder the progress. Students will be able to look at how important Real Estate is the U.S. Economy. Students will need to present their findings in power point form to another class, civic group, community group etc.

#### **California Standards:**

Career Technical Education (CTE)

- **Finance and Business Industry Sector**

- 1. *1.3 History-Social Science*

- (10.3.3) Describe the growth of population, rural to urban migration, and growth of cities associated with Industrial Revolution.
    - (10.3.5) Understand the connections among natural resources, entrepreneurship, labor, and capital in an industrial economy.
    - (12.1.3) Identify the difference between monetary and nonmonetary incentives and how changes in incentives cause changes in behavior.
    - (12.1.4) Evaluate the role of private property as an incentive in conserving and improving scarce resources, including renewable and nonrenewable natural resources.
    - (12.1.5) Analyze the role of market economy in establishing and preserving political and personal liberty (e.g. through the works of Adam Smith)

#### **Materials Included in this Lesson**

- Calculators
- Pens/Highlighters
- Paper/Handouts

#### **Other Materials for this Lesson**

1. Internet Enabled Computers
2. Google Earth

### **Skills the Student will Learn**

- How the Real Estate Market works
- New Home Construction vs. Older Homes
- How Government Affects Housing Pricing
- How housing affects employment & Unemployment

### **Student Deliverables**

Students will present their findings in letter form to local realtor associations, State agencies that issue licenses to Real Estate Professionals, Banking associations and local and state officials.

### **Length of Lesson: 5 Days**

#### **Foundational Activities**

Introduce students to the concepts of history of civilizations. Students will start with a K-W-L chart. What students Know (K) Want to Know (W) and Learning Objectives which will be given by me. <http://www.readingquest.org/pdf/kwl.pdf>

#### **Activity Day One**

Students will be given a list of vocabulary words that they will define. These words are tapping into students prior knowledge.

1. Barter
2. “American Dream”
3. Hunter/Gatherer
4. City/Town
5. Agriculture
6. National Resource
7. Nomad
8. Livestock

These words are to be defined and do not need dictionary definitions if students already have a working knowledge of what each one means. The goal, again, is for students to start thinking about what they already know about the thematic unit we are approaching. Students are then broken into groups using clock buddies sheet

[http://www.readingquest.org/pdf/clock\\_buddies.pdf](http://www.readingquest.org/pdf/clock_buddies.pdf) to compare what they have as definitions and share out to the class as one student compares and merges each definition to make one working definition (Per word) for the group. The group then shares out and the class, as a whole, come up with working definition for each word.

#### **Enrichment Activity**

Students are asked to bring something to class on the next class meeting for them to barter with another student. Students are reminded that it must be an item of value for

another student. Students wrote down things that they had that they had more than one of and some things that they need and the list was posted on our class email list.

### **Activity Day Two**

Students are to write the following quote on their papers. *"History is only as important as what we learn from it, and those who do not learn from it are destined to repeat it"*

This quote will guide students through the lesson as we go. Students are now in the problem solving mode. Students are given a handout from the following site about the great depression. <http://americanhistory.about.com/od/greatdepression.htm>

Students are then asked to write a summary with the

<http://www.readingquest.org/pdf/sumitup.pdf> and

[http://www.readingquest.org/pdf/sumitup\\_dir.pdf](http://www.readingquest.org/pdf/sumitup_dir.pdf)

### **Activity Day Three**

Students are to get back with their clock buddies from day one and share their summaries and students are allowed to write down additional information that they may have overlooked. Students are then given a list of sites to research the *Energy Crisis of the 1970's* this list has been approved by the instructor.

1. [www.harwich.edu/depts/history/HHJ/rowe.html](http://www.harwich.edu/depts/history/HHJ/rowe.html)
2. [www.wisegeek.com/how-did-the-70s-energy-crisis-affect-the-united-states.htm](http://www.wisegeek.com/how-did-the-70s-energy-crisis-affect-the-united-states.htm)
3. [www.library.thinkquest.org/20331/history/mideast.html](http://www.library.thinkquest.org/20331/history/mideast.html)

The students are three to each computer and we have access to 8 computers. You may not use this as it may not be feasible for your classroom set up. Students will write summaries from the site of their choice looking for key words and concepts. Students will also need to story map by using the following hand out

[http://www.readingquest.org/pdf/hist\\_frame.pdf](http://www.readingquest.org/pdf/hist_frame.pdf)

### **Activity Day Four**

Students are to start this day with their clock buddies and start with their summaries and key concepts. Class then has a discussion on the past two days. Energy Crisis and the Depression then students are given a compare and contrast sheet

<http://www.readingquest.org/pdf/compare.pdf>

Students then compare and contrast the events of the The Great Depression and the Energy Crisis of the 1970's. Students are then given the following handout

[http://economics.about.com/od/governmenttheeconomy/a/laissez\\_faire.htm](http://economics.about.com/od/governmenttheeconomy/a/laissez_faire.htm)

Students are asked to summarize this article and define Laissez-faire and to

<http://www.readingquest.org/pdf/cdmap.pdf> concept of a definition map.

### **Activity Day Five**

Students return and get back into their groups and discuss the article and findings and compare story maps to see if there is anything they might have overlooked. Students have a classroom discussion about what they have learned up until this point and begin to revisit their K-W-L Charts to see what they have learned. Students then make sure they have all the handout in order as this lesson will be turned in as a thematic unit. Students are given the following handouts.

1. How Does Real Estate Affect the U.S. Economy:  
[http://useconomy.about.com/od/grossdomesticproduct/f/Real\\_estate\\_faq.htm](http://useconomy.about.com/od/grossdomesticproduct/f/Real_estate_faq.htm)
2. What are the Components of GDP  
[http://useconomy.about.com/od/grossdomesticproduct/f/GDP\\_Components.htm](http://useconomy.about.com/od/grossdomesticproduct/f/GDP_Components.htm)
3. Unemployment Rate  
[http://useconomy.about.com/od/economicindicators/p/unemploy\\_rate.htm](http://useconomy.about.com/od/economicindicators/p/unemploy_rate.htm)
4. The Federal Reserve System  
<http://useconomy.about.com/od/governmentagencies/p/fed.htm>
5. What is a Recession?  
<http://useconomy.about.com/od/grossdomesticproduct/f/Recession.htm>
6. What is Inflation? <http://useconomy.about.com/od/pricing/f/Inflation.htm>

Students will employ the same handouts they used above to summarize each article but this part of the assignment will be more focused on teamwork.

### **Activity Day Six**

Students will begin talking about how the real estate market affects GDP, Unemployment Rate, The Federal Reserve (Interest Rates), Recession, and Inflation in the United States. Students will then as a team begin to make PowerPoint Presentations.

### **Enrichment Activity**

Students can start contacting local Realtors and Bankers in the area who have been practicing their profession for 10 years or more. Realtors and Banker who have less experience may not experienced the different markets and cycles. Students are also encouraged to contact local and national builders who have been around long enough to know about real estate cycles.

### **Activity Day Seven**

Students work in groups to complete their power point presentations and enrichment activity.

### **Activity Day Eight**

Students do their power point presentations before their classmates.

## **Assessment**

In order for students to get full credit they need to make their presentation to a different class period, teacher's class, community or civic group, or to local associations. Students also have the opportunity to send letters to their elected official about the housing crisis and the debt they will be responsible for paying back. Students grades will depend upon in class work, group work, and survey results from their presentation to an outside group. Surveys will be made up by the instructor and the class as a whole.

## **Lesson Plan Relevance to Externship**

This lesson is relevant to the externship because it cause students to research the building industry and how housing and other buildings affect the U.S. economy. Having students compare and contrast the failures and successes of the U.S. economy from a historical perspective will help students become more aware of how the economy works. Students presenting their findings through a power point presentation to other people besides their immediate classmates and peers helps students when it is time to present their findings to local government agencies.