

An Equilibrium-Econometric Analysis of Rental Housing Markets with Indivisibilities*

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March 23, 2008; preliminary

Abstract

We develop an equilibrium-econometric analysis in the context of rental housing markets with indivisibilities. The entire theory provides some bridge between a (competitive) market equilibrium theory and a statistical/econometric method: Our approach enables us to think about both within the theory. First, we develop this theory: The listing service of apartments, called the housing magazine, provides the information to both households (and landlords) and the econometric analyzer. Our theory explains this double use of the information sources. Then we apply our theory to the data in the rental housing markets in the Tokyo metropolitan area. As an application of our approach, the law of diminishing marginal utility for the household is examined. It does not hold for the marginal utility with respect to the size of apartment, but it does strictly with respect to the commuting time-distance and consumption other than the housing.

Key- Words: Rental Housing Market, Indivisibilities, Competitive Equilibrium, Total Sum of Square Residuals, Law of Diminishing Marginal Utility

*The authors are partially supported by Grant-in-Aids for Scientific Research No.19653020, Ministry of Education, Science and Culture.

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