

An Econometric Analysis of the Urban Housing Market

by

Mahlon R. Straszheim
University of Maryland



Urban and Regional Studies Number 2

National Bureau of Economic Research
New York 1975

Distributed by Columbia University Press
New York and London

214993



**TECHNISCHE HOCHSCHULE
DARMSTADT
INSTITUT FOR WIRTSCHAFTSPOLITIK**

CONTENTS

Acknowledgments xiv

1. The Role of the Housing Market 3
2. The Housing Market: A Conceptualization 11
 1. Microeconomic Theories of Housing Demand and Capital Stock Decisions 11
 2. General Equilibrium Models of the Urban Housing Market 17
 3. The Lessons and Limitations of this Approach 19
 4. An Econometric Approach 22
 5. Concluding Observations 27
3. Housing-Market Compartmentalization and Housing Prices 28
 1. Introduction 28
 2. Housing-Market Compartmentalization in San Francisco 28
 3. The Spatial Variation in Prices by Submarket 35
 4. Estimates of Price and Income Gradients 48
 5. Market Compartmentalization by Race and Its Effects on Housing Prices 51
 6. Some Remarks on Aggregation and Misspecification: A Postscript on Previous Empirical Studies 68
4. The Demand for Housing Attributes and the Choice of Neighborhood 78
 1. Introduction 78
 2. Extending Alonso's Approach 79
 3. Analysis of Variance Tests of Income and Work-Site Effects 84
 4. Estimation of Demand Functions 91
 5. Conclusions 114

5. Housing-Market Discrimination and Black Housing Consumption	116
1. Introduction	116
2. Housing Differences Attributable to Race	119
3. A Model of Black Housing Consumption	126
4. Improving Black Housing Conditions	137
5. Conclusions	140
6. A Model of Housing Prices and Neighborhood Incomes	142
1. Introduction	142
2. Model Specification	142
3. Estimation of the Model	151
4. Summary	165
7. The Role of the Housing Market in Metropolitan Development: Concluding Observations	166
Appendix A. Demand Estimates for White Households by Life Cycle	174
Appendix B. Demand Estimates for Black Households by Life Cycle	187
Bibliography	195
Index	199