

ECO135 (05) Quiz 3 Nov. 7th 2017

ID:

Name:

1. In September, many new university students from other cities move to Ankara. As the result, we observe an increase in demand in the apartment rental market in Ankara. Currently, there are many constructions of apartment buildings including for students' housing in Ankara as well. As the overall result, the rent for the apartments increases in September in Ankara. Describe these events using Demand and Supply curves.

2. A government decided to impose price ceiling in the apartment rental market in Ankara. Explain the impacts of this policy by clearly showing P_c (price ceiling), Q_{d_c} (Q.D. under price ceiling policy), Q_{s_c} (Q.S. under price ceiling policy) and the amount of excess demand or supply. Analyze the benefits and costs from the consumers and producers point of view.