

# David Gomtsyan (Université de Rouen)

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Date

Le 12 May 2022 De 11:00 à 12:00

Location

Pôle Tertiaire - Site La Rotonde - 26 avenue Léon Blum - 63000 Clermont-Ferrand

Room 212

Research Seminar. Building the City Under Financial Frictions

## Building the City Under Financial Frictions

### ABSTRACT

In African cities the construction process of many small and medium-sized buildings proceeds very slowly and may take decades. To explain this phenomenon and understand its consequences, this paper introduces endogenous house construction into a heterogeneous agent model with idiosyncratic risk and borrowing constraints. The model is calibrated to match key characteristics of the housing market in Nairobi. Counterfactual simulations show that improvements in credit provision can substantially speed up the expansion of the housing stock of the city and increase the height of the buildings. Another outcome is that in the absence of reliable conventional savings mechanisms, investments in structures emerge as an alternative form of savings.

[Read the paper\(https://www.dropbox.com/s/gadbrc620lgfvj2/Gomtsyan.pdf?dl=0\)](https://www.dropbox.com/s/gadbrc620lgfvj2/Gomtsyan.pdf?dl=0)



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