1. (2 pts) Please give the one or two-sentence explanation of why the rental price per square foot of housing decreases with distance to downtown?

**2.** (6 pts) Describe the two natural experiments discussed in class that were used to measuring agglomeration externalities? Each description should be roughly one paragraph describing the natural experiment and one paragraph describing the result.

3.

In the monocentric city model, as presented in class in the textbook, individuals made one (round) trip each day to the central business district to go to work. With this model we were able to make predictions about

- price per square foot of living space,
- rent per square foot land,
- home size,
- building height,
- density, and
- the physical size of the city (distance from edge to city center).

How would the closed city model's predictions change if individuals also made one (round) trip to a