

Quantitative Spatial Economics

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1 Model

Preference:

$$U_n = \left(\frac{C_n}{\alpha} \right)^\alpha \left(\frac{h_n}{1-\alpha} \right)^{1-\alpha} \quad (1)$$

The consumption C_n is defined by CES preference:

$$C_n = \left[\sum_{i \in N} \int_0^{M_i} c_{ni}(j)^\rho dj \right]^{\frac{1}{\rho}} \quad (2)$$