## Table 5: Structural Estimation – Key Demand Parameters

This table shows the estimated demand parameters. Consumer preferences are given by the equation $B_i = \bar{B} + \Pi(D_{ic} - \bar{D}) + \Sigma\nu_i$, where $\bar{B}$ is the vector of parameter means, $\Pi$ is the mapping between demographic characteristics, and $\Sigma$ scales random shocks. Panels A, B, and C show the results for $\bar{B}$, $\Pi$, and $\Sigma$, respectively. $\alpha$ is the consumer's price sensitivity, i.e., how much her utility decreases from a 1% higher interest rate. $\beta$ is the consumer's disutility from obtaining a smaller loan. $\gamma$ is the consumer's utility from obtaining a conforming loan rather than a jumbo loan, regardless of loan size. A detailed description of the economic meaning of these parameters and how they are estimated can be found in Sections IV.A and IV.C.1, respectively.

**Panel A**: Mean Preference Parameters

| $\bar{B}$ | | |
|---|---|---|
| Parameter | Description | Estimate |
| $\bar{\alpha}$ | Price | 1.14 |
| $\bar{\beta}$ | Disutility from smaller loan | 5.79 |
| $\bar{\gamma}$ | Conforming convenience | 6.91 |
| $\log \bar{F}$ | Log loan size | 12.22 |

**Panel B**: Demographic-Preference Relationships

| $\Pi$ | | | |
|---|---|---|---|
| Parameter | Description | Estimate (log Income) | Estimate (log Price) |
| $\alpha_i$ | Price | 0.64 | -0.57 |
| $\beta_i$ | Disutility from smaller loan | -1.87 | 0.73 |
| $\gamma_i$ | Conforming preference | -3.81 | 2.30 |
| $\log F_i$ | Log loan size | 0.38 | 0.39 |

**Panel C**: Shocks

| $\Sigma$ | | |
|---|---|---|
| Parameter | Description | Estimate |
| $\sigma_\alpha^2$ | Price | 0.07 |
| $\sigma_\beta^2$ | Disutility from smaller loan | 1.36 |
| $\sigma_\gamma^2$ | Conforming preference | 0.05 |
| $\sigma_{\log F}^2$ | Log loan size | 0.49 |