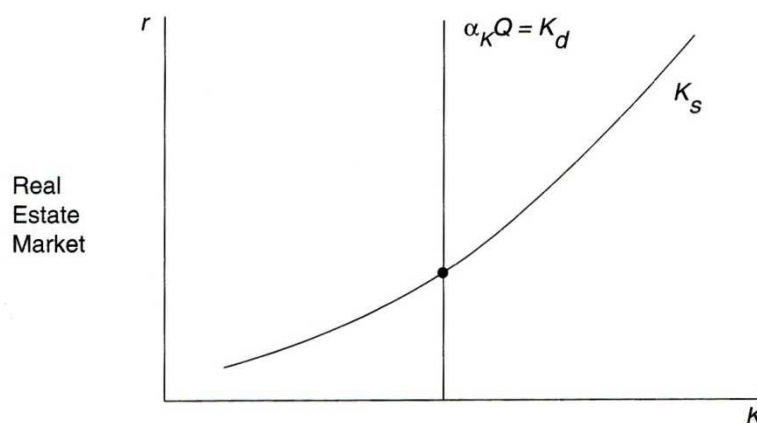
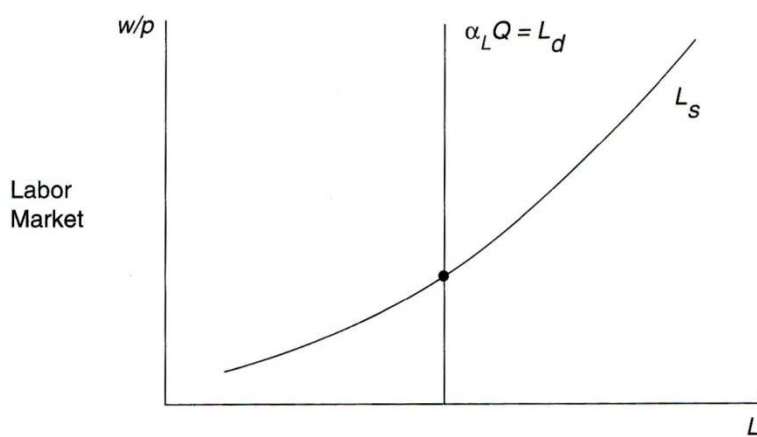
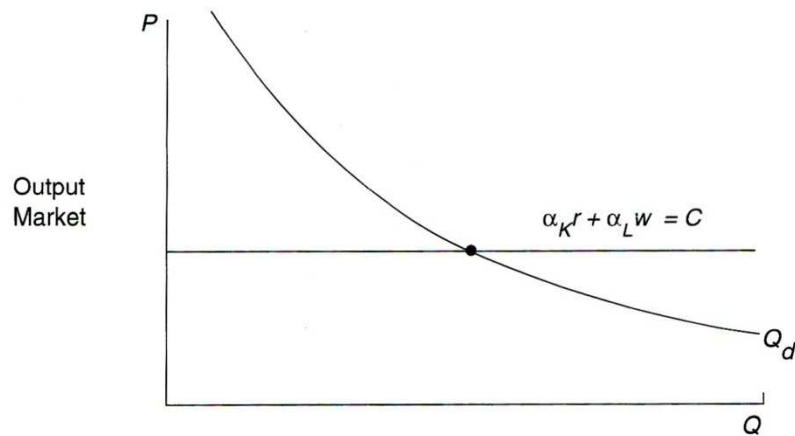


# APPENDIX

Figure 7 - The Three-sector Model



$C$	production cost per unit of output
$\alpha_L, \alpha_K$	amounts of RE and L required to produce each unit of output
$w/p$	effective wage
$r$	rent for real estate
$K_d, K_s$	RE demand and supply
$L_d, L_s$	labor demand and supply

(DiPasquale & Wheaton, 1996)

*Table 10: Tests of residuals*

Model No.		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
KPSS lag order	0	.0395	.0246	.113	.0321	-	.0443	.156	.0331
	1	.0554	.0274	.0898	.0447	-	.0471	.115	.0366
	2	.0755	.0318	.0762	.0612	-	.0703	.0973	.0504
	3	.0837	.038	.072	.066	-	.0917	.0884	.0533
Dickey - Fuller	Test stat	-6.369	-7.145	-4.857	-6.502	-5.498	-3.902	-3.042	-5.069
	10%	-2.629	-2.62	-2.612	-2.629	-2.630	-2.630	-2.612	-2.630
	5%	-2.997	-2.994	-2.958	-2.997	-3.000	-3.000	-2.958	-3.000
	1%	-3.743	-3.736	-3.648	-3.743	-3.750	-3.750	-3.648	-3.750

KPSS: Kwiatkowski, Phillips, Schmidt, Shin test for stationarity of a time series. H0: variable is trend stationary. In the Model 5 it could not be performed because of the gaps in the observations (caused by the log form).

Critical values: 10%: 0.119, 5% : 0.146, 2.5%: 0.176, 1% : 0.216.