

Empirical Approaches

Hedonic Modeling

- Hedonic Modeling

Goal is to predict prices and effects of house and neighborhood characteristics on price.

Data on sales price

Used to estimate coefficients on multiple characteristics of house, buyers and sellers

Predictive ability is the measure of validity

- ABM

Goal is to predict aggregate pattern characteristics (like segregation or clustering) on the basis of agent interactions.

Multiple sources of data needed.

Model of market interactions based on bid and ask prices.

Complementarity of Hedonic and ABM

- Hedonic coefficients can be used to populate the decision models by agents in the ABM
 - ABM becomes a tool for evaluating implications of characteristics as revealed in the hedonic model
- ABM can be used to generate simulated data and hedonic models estimated for both simulated and real data in the same region.
 - This approach can be used to validate the model.

Other approaches

- Surveys
- Participant observation
- Role-playing games, participatory modeling
- Field and laboratory experiments