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Yildiray Yildirim* (yildiray@syr.edu), 721 University Ave, Whitman School of Management, Syracuse, NY 13244, and **Hazer Inaltekin** and **Mehmet Saglam**. *Housing Market Microstructure*.

In this article, we develop a model for the evolution of real estate prices with changes in the market structure over time. A wide range of inputs, including stochastic interest rates and demand for the asset, as well as random shocks to observe the sale process at the micro level, are considered. The holder of the asset makes optimal decisions in the face of changing market conditions by considering the level of interest rates and demand and by keeping the asset in the sale market for the optimal amount of time that maximizes expected utility. We analyze the patterns in the evolution of prices in our discussion of the simulation results and we use our results to explain the recent subprime lending crisis and meltdown in the housing market. (Received February 06, 2008)