Name: ______________________________ Period: ________ Date: _________

Chapter 9

Bid-Rent Theory

Urban Geography

Note: all of the following information in addition to your reading is important.

The Bid-Rent "Curve"

- **Definition: bid rent theory** (land-rent as in the case with von Thünen) refers to how the price and demand for __________ ____________ changes (usually decreases) as the distance from the ____________ ____________ ____________ (CBD, or market) increases.
- **Geographer: William Alonso** (1933-1999) was an Argentinian-born American planner and economist. In 1964, he published *Location and Land Use*, in which he defined a modeled approach on the formation of land rent in __________ environments. His model was strongly inspired by von Thünen's ____________ __________, and would become one of the pillars of urban economics.
- **Description:**
  - Different users will compete (bid) for different parcels of ____________ land in order to ____________ profits (the highest bidder occupies the site).
  - There is a trade-off between __________________ of the land (with a greater concentration of customers making it more ____________) and the ________ of the land (as well as friction of distance).
  - Land-uses that require more accessibility are willing to pay more for land closer to the CBD. What are some examples?

    ____

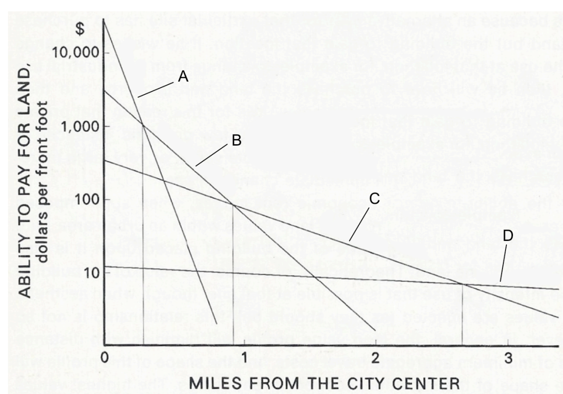
Application

Apply what you know about bid-rent theory to complete the following task … identify a specific land-use for each letter on the graph (A, B, C, and D), then briefly explain why that land-use would be ideally located at its position.

A. ______________________________

B. ______________________________

C. ______________________________



D. ______________________________

* The diagram to the right shows how a varied bid-rent gradient with secondary peaks may allow land uses (such as banking) to find a series of equilibrium positions at varying distances from the CBD (achieving profitability).