

Fire-sale price – w/o speculation

- Less productive households
 - face depreciation of $\underline{\delta} > \delta$ and
 - cannot speculate (added later)
- liquidation value:
 - $p_t \geq \underline{p}$

$$\underline{p} = \max_i \frac{a - i^*}{r - \underbrace{(\phi(i^*) - \underline{\delta})}_{:=g(\underline{p})}}$$