

Answer on Question #42469, Economics, Microeconomics

Rent (\$ per room)	Quantity Demanded (rooms)	Quantity supplied (rooms)
500	2,500	2,000
550	2,250	2,000
600	2,000	2,000
650	1,750	2,000
700	1,500	2,000

(a) In our case equilibrium rent is in the point, where $Q_d = Q_s = 2,000$ rooms, so $R_e = \$600$. If the government puts a rent ceiling of \$650 a month, a new rent paid will be \$650 per room and only 1,750 rooms are rented, because less people can afford a room for \$650 per month, but the quantity supplied will be still 2,000, so there will be a surplus.

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