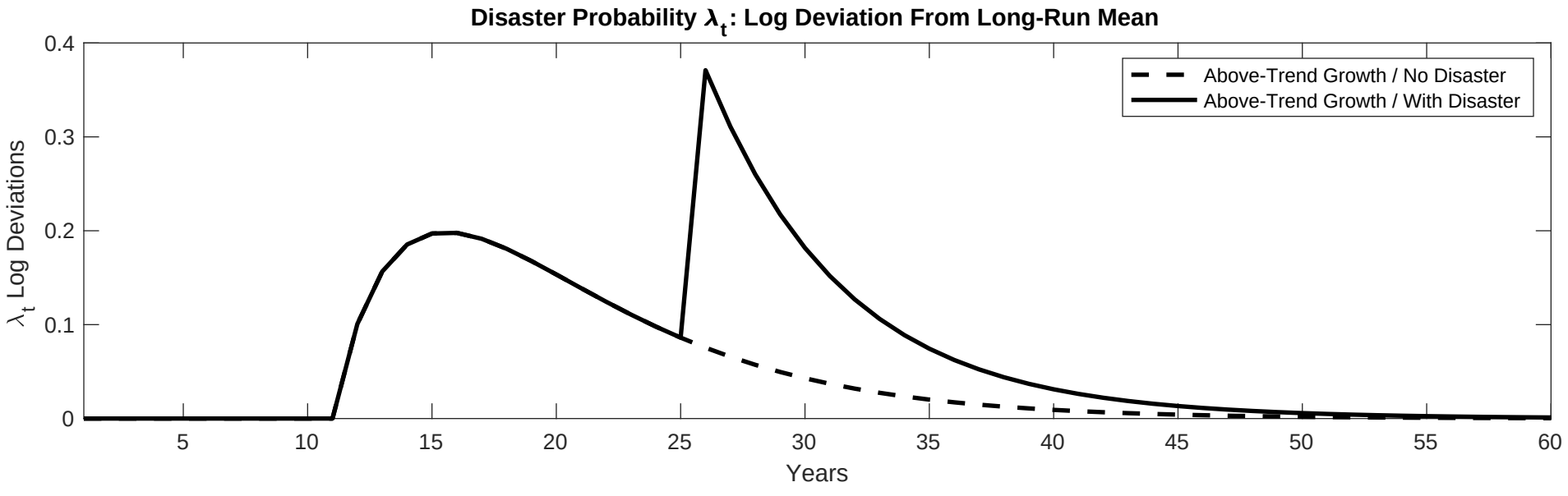
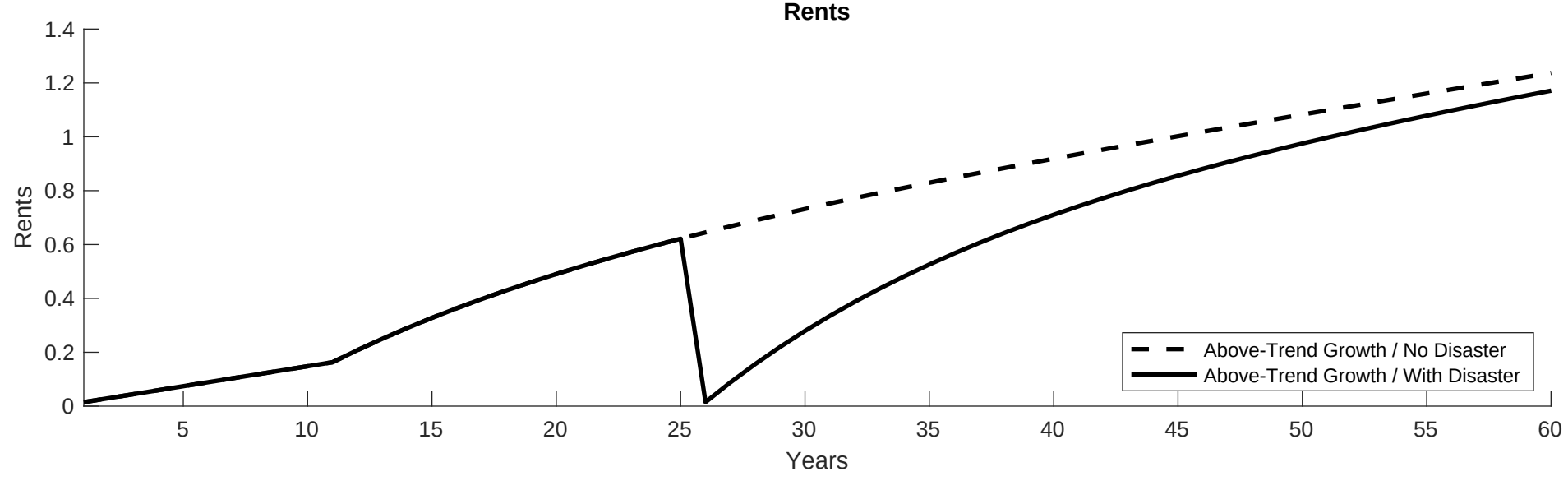

Disaster Probability λ_t: Log Deviation From Long-Run Mean
λ_t Log Deviations
Years
Above-Trend Growth / No Disaster
Above-Trend Growth / With Disaster
0.4
0.3
0.2
0.1
0
5
10
15
20
25
30
35
40
45
50
55
60


Rents
Rents
Years
Above-Trend Growth / No Disaster
Above-Trend Growth / With Disaster
1.4
1.2
1
0.8
0.6
0.4
0.2
0
5
10
15
20
25
30
35
40
45
50
55
60