

LOCATION EFFECTS ON INCOME PROPERTY VALUES

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ABSTRACT

Hedonic estimation in a cross section analysis is used to estimate the relationship between property characteristics and selling price for inner-city income properties. The focus is on distance to the city center using different measures – geometric measures (Euclidean and rectilinear distance), vehicular measures (driving distance and driving time), public transport measures (subway distance and subway time). Multiplicative model forms are chosen, as the effect of individual property features is expected to depend on, rather than be independent of, other features. The model is applied to Stockholm in this illustration, but the methodology is general.