

Patterns of heterogeneity in the effect of public transportation services on residential rents

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Accessibility from a given area is thought to be a key determinant of the utility from living in that area. Theoretically, this utility should be internalized by the rents market, increasing rents in areas with high accessibility. In this paper I utilize variation stemming from an exceptionally large increase in public transportation services in Israel in the years 2013-2019 to examine this effect. I use a theoretically grounded measure of accessibility and apply both causal machine learning and standard econometric methods on high-resolution nation-wide data to find that on average, public transportation had no effect on asked rents in the short-term, although there is important heterogeneity.

High residential density, Mixed-Use zoning, and a demographic composition more reflecting typical public transit users implies a larger elasticity of residential rents to public transit services. Proximity to Mass Transit Systems implies a positive effect on rents over and above the effect expected by a reduction in travel times alone. This last finding especially holds for new train stations inaugurated during the research period and for the Jerusalem Light Rail.