Abstract

Cultural heritage is generally considered to be an important amenity that makes a city more attractive to residents as well as tourists. Although heritage is basically something that remains from the past, and is therefore predetermined, its quantity and quality is affected by urban policy. Currently many cities invest in heritage. This paper contributes to the analysis of the role of cultural heritage in urban economies by investigating the impact of a national program that subsidizes investment in cultural heritage on the value of real estate in the proximity. We use detailed information about the size of the investments (and associated subsidies) on specific properties to study its impact on house prices in the neighbourhood in which it is located. Using a rich data set with transaction prices extending over a period of 25 years, we consider the development of house prices in small geographical areas and relate them to the presence and size of investments in cultural heritage.

Keywords: Cultural heritage, listed building, valuation methods, stated preference methods, hedonic prices, spatial statistics, fixed effect model, historic buildings

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