Does Covid-19 Affect Neighborhood Amenity?

Authors:
Naqun Huang, Nanjing Audit University, naqun.huang.2012@phdecons.smu.edu.sg
Jindong Pang, Wuhan University, jindong.pang@foxmail.com
Yanmin Yang, Nanjing Audit University, yanmin.yang@nau.edu.cn

Abstract:
This paper studies the impact of Covid-19 on neighborhood amenity by analyzing the effect of confirmed Covid-19 cases on housing prices in China. Home buyers may not choose housing units in neighborhoods that have confirmed Covid-19 cases because of health reasons. This will lead to lower housing prices in these neighborhoods. We use a hedonic model to study a merged dataset with information on housing transactions and infected cases of Covid-19. A difference-in-difference specification is employed to identify the price changes in neighborhoods with confirmed Covid-19 cases relative to the price changes in neighborhoods without any confirmed case. A negative effect of Covid-19 on housing price is expected and this negative effect is likely to diminish in the long run. Households’ willingness to pay to live in a neighborhood without Covid-19 cases can also be calculated.

Data Description:
Our housing transaction data is gathered from two major real estate agencies in China by a script. The number of observations is 600 thousand. For each transaction, we know the housing unit’s characteristics, location, price, and time on the market. The housing transaction date is from the beginning of 2019 to April, 2020 and will be updated regularly. The number of confirmed Covid-19 cases in each neighborhood (xiaoqu) in each city is also scripted from online news and reports.

JEL code: R30, I10.

Key words: Neighborhood amenity; Covid-19; Housing price; Hedonics.