

# Valuating the effect of the Iron Foundry of Trieste on the housing market using Hedonic Property Pricing

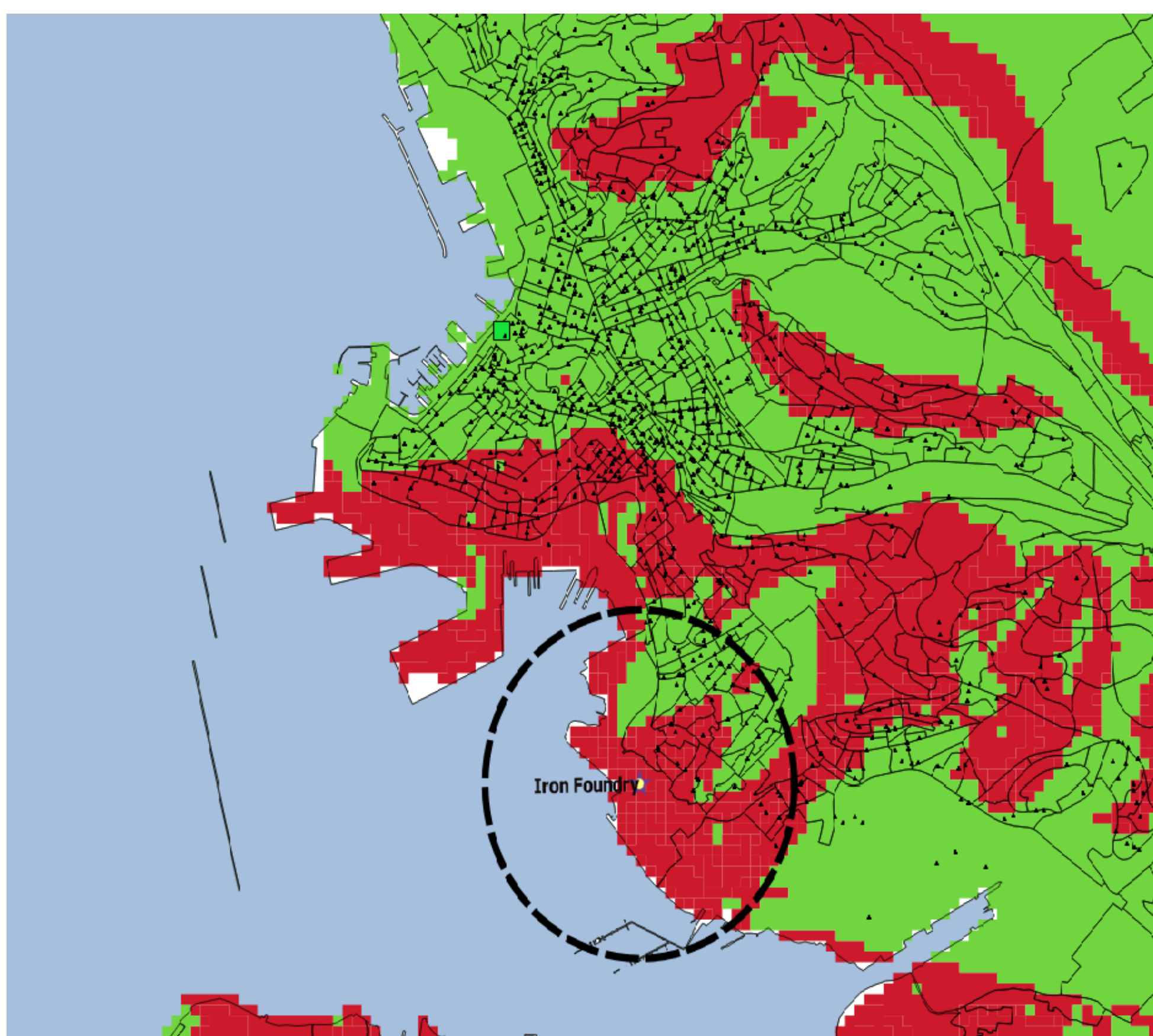
Dissertation:  
MSc in Environmental  
Economics and Climate  
Change, London School  
of Economics

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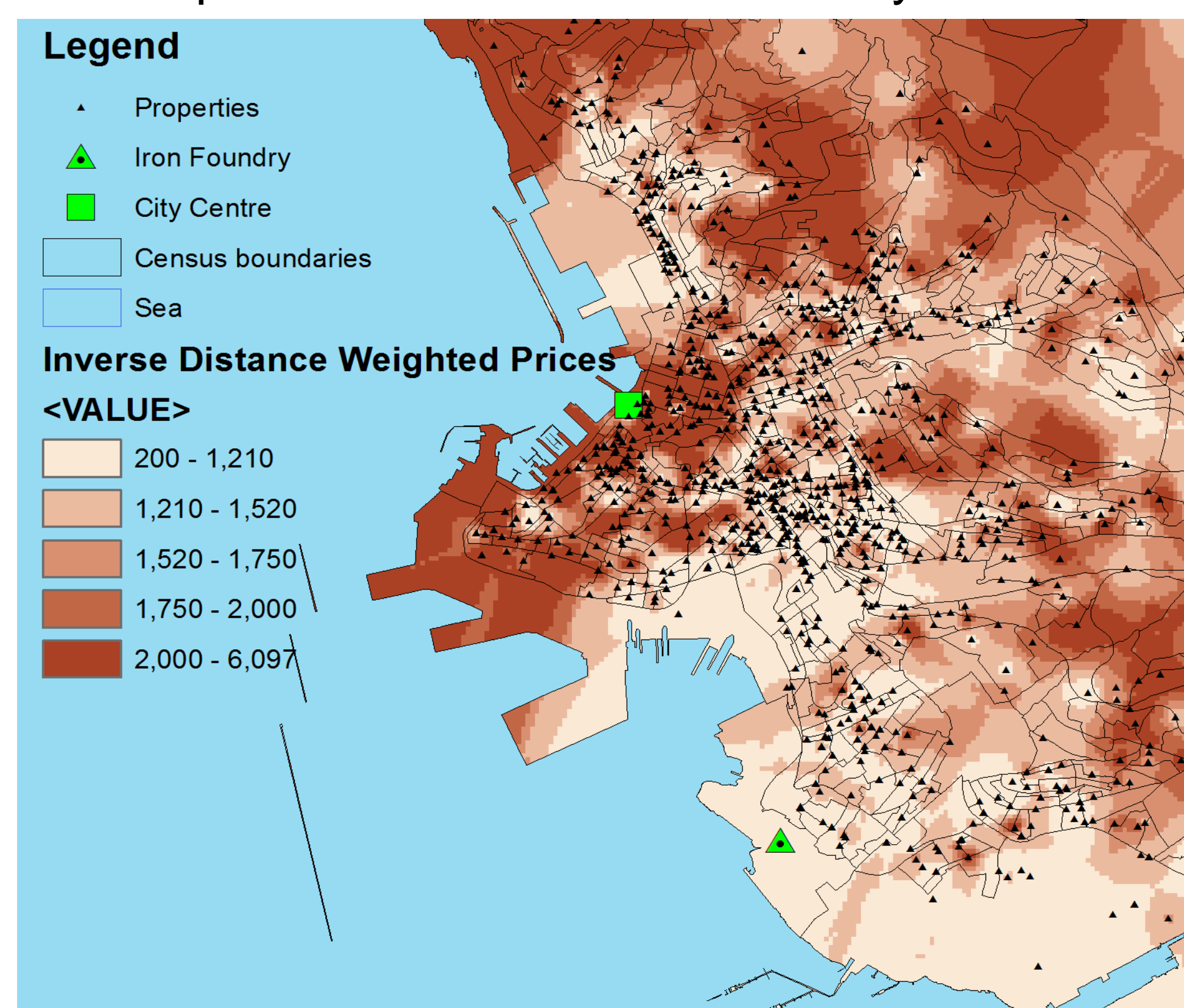


- The Inverse distance weighted (IDW) interpolation shows that properties near to the Iron Foundry cost €200 to €1,210 per square meter. Other areas are up to 10 times more expensive
- A hedonic price model is used to estimate the disamenity value of the proximity to the Foundry
- The model controls for a broad range of variables including: house characteristics, distance to the centre, distance to parks, morphology, and census characteristics



- Log-Log, Log-Linear, and dummy variables for band distances models, and for each, six regressions were tested
- Log-Log Model shows large significant correlation between distance to the Foundry and property prices: for each doubling of distance from the Foundry, property prices increase by 20%
- The view of the Foundry is statistically significant and negatively correlated with prices, but only if houses are within 1090 meters of the Foundry
- Wind direction is not found to have a statistically significant correlation with housing prices

- The Iron Foundry of Trieste is in a densely populated area, 3.5 km from the City Centre
- Residents report bad smells, dusts, and loud noises
- An increased -but small- lung cancer risk is associated with living in proximity to the Foundry compared to the rest of the city
- Hedonic Pricing can input to local debate about the possible closure of the Foundry



- The hilly environment allow to test for directional heterogeneity
- The Foundry can be seen from the areas in Red but not from the areas in Green
- The black-dotted line denotes the 1090-meter impact zone where the view of the foundry has a negative effect on property prices

VARIABLES	Depvar: Price (ln)
Distance from the Centre (ln)	-0.217*** (0.0238)
Distance from the Foundry (ln)	0.196*** (0.0447)
1.View of the Foundry	-1.105*** (0.313)
1.View * Distance Foundry(ln)	0.158*** (0.0399)
Meter squared	0.000848*** (0.000183)
# Rooms	0.130*** (0.0101)
# Toilets	0.410*** (0.0215)
Days Downwind	0.00236 (0.00302)
Elevation	-0.000531** (0.000240)
Slope	-0.000904 (0.000950)
Distance Parks (ln)	0.00481 (0.0302)
Constant	6.341* (3.301)
Observations	2,997
R-squared	0.690
Adjusted R-squared	0.687
Typology controls	Yes
Census area FE	No
Demographics	Yes

Log-log model regression output. Robust standard errors in parentheses \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.