

The Effects of School Proximity and the School Social Index on Housing Prices

4th February 2026

Yanyi Ji Daniel Tobien Luc Wichtmann

Agenda

1. Motivation, Existing Literature & Research Question

Why school proximity and social indices matter.

2. Data & Methodology

Data used and our empirical model.

3. Results & Main Findings

Presentation and interpretation of our findings.

4. Limitations & Conclusion

Limitations of our work and concluding thoughts.

Motivation, Existing Literature & Research Question

Motivation

- **Personal Interest:** Analyzing the real estate market's reaction to various factors is particularly interesting from an economic standpoint, as it offers insights into market dynamics. Additionally, the topic is personally intriguing, adding an extra layer of motivation to explore it further.
- **Academic and Practical Relevance:** Housing markets are influenced by various social and economic factors, and school quality is also cited as an underestimated determinant of property values, especially in research (Seo and Simons 2009).

Motivation

Understanding the relationship between school distance, school quality and property prices can provide valuable insights for researchers and individuals interested in the real estate market.

Related Literature Background

Several papers have examined the effect of proximity to schools on housing prices:

- **Empirical Strategies:** While hedonic models are the dominant approach to estimating housing price effects, alternative empirical strategies have also been proposed (see Black and Machin 2011)
- **Findings:** Empirical evidence suggests that proximity to schools positively affects housing prices (Rosiers, Lagana, and Theriault 2001; Huang and Hess 2018)

Related Literature Background

- **Other Factors:** Related work also documents capitalization effects of school reputation (Chin and Foong 2006), differences between public and private schools (Sah, Conroy, and Narwold 2016) and school quality (Edusei, Espey, and Lin 2007; Metz 2015)
- **Environment of studies:** Much of the literature focuses on settings with binding school catchment areas and measures school quality primarily through test scores rather than demographic composition.

Research Question

We study a setting *without binding school catchment areas* (NRW, Germany) and assess whether both *school proximity* and a *demographically based school social index* are capitalized into housing prices.

Research Question

Research Question: How do school proximity and school social indices affect the prices of detached houses, and do these effects differ between primary and secondary schools in North Rhine-Westphalia?

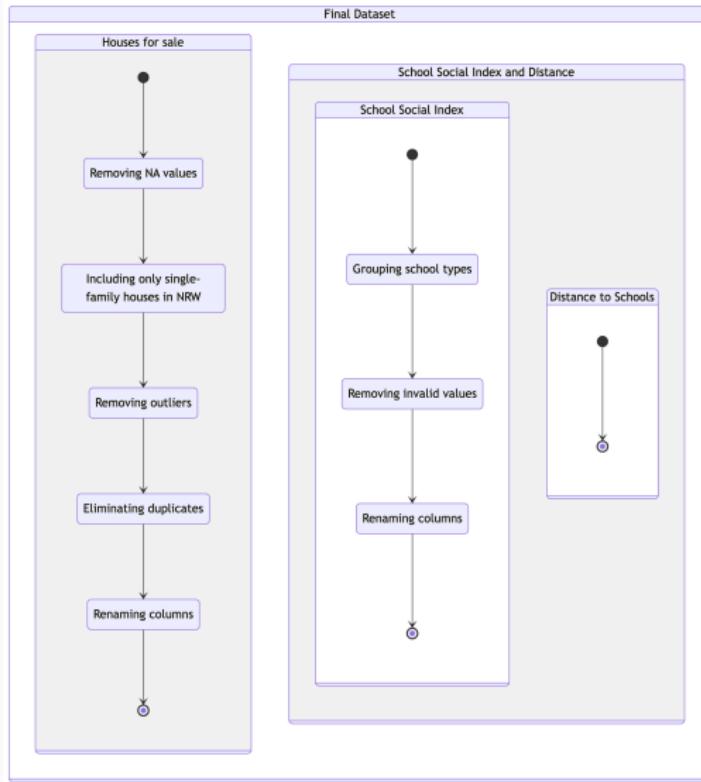
Data & Methodology

Data

- **Housing Data:** Cross-section dataset for houses for sale published by the Research Data Center Ruhr (FDZ Ruhr) (RWI and ImmobilienScout24 2023).
- **School Data:** School social index dataset from North Rhine-Westphalia's Ministry of Schools and Education (Ministerium für Schule und Bildung des Landes Nordrhein-Westfalen 2024).

Data used from both datasets refer to the year 2022.

Pre-Processing of Data



Empirical Framework

We estimate regression-based hedonic models to

- examine how school proximity and school characteristics are capitalized into housing prices and
- whether the impact of school proximity on housing prices differs by the school's social index

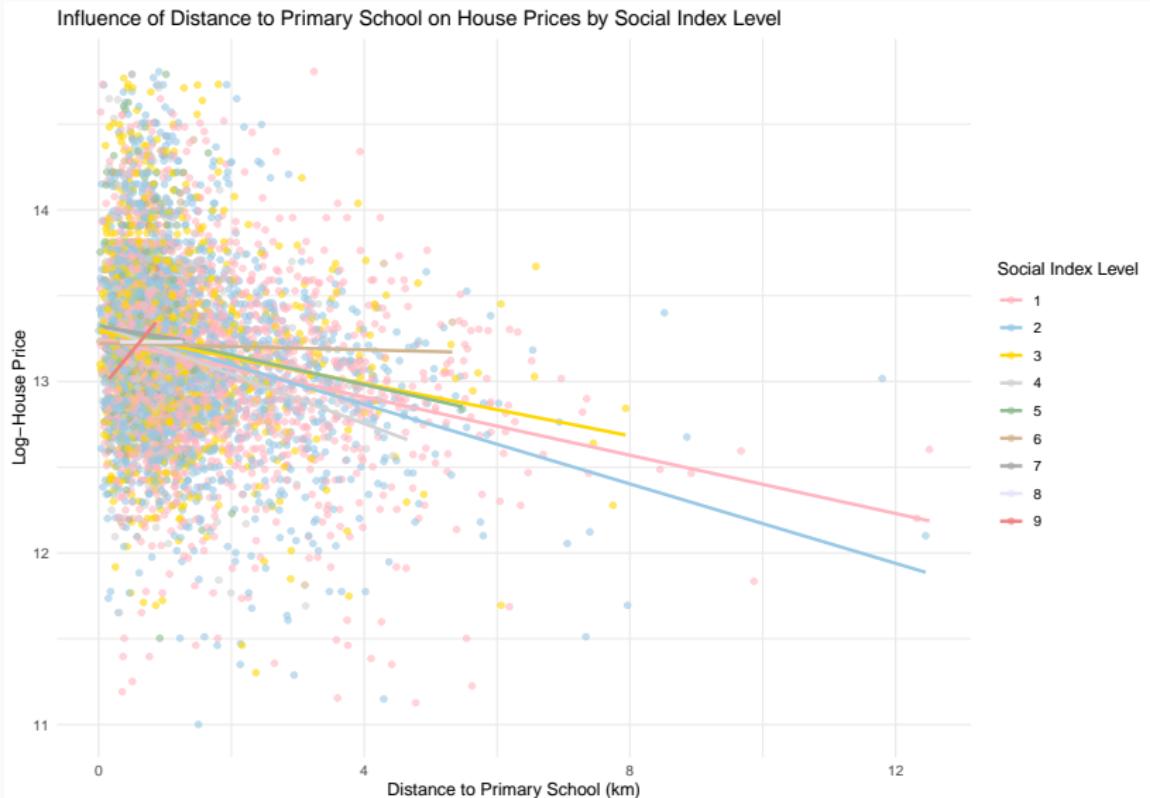
Empirical Framework: Hedonic Price Model

$$\log(P_i) = \beta_0 + \beta_1 \text{Dist}_i + \beta_2 X_i + \varepsilon_i$$

- P_i denotes the listing price of house i
- Dist_i measures distance to the nearest school
- X_i is a vector of housing characteristics
- ε_i captures unobserved factors

Results and Main Findings

Visualization for Distance to Primary School



References I

- Black, Sandra E., and Stephen Machin. 2011. "Housing Valuations of School Performance." *Handbook of the Economics of Education* 3: 485–519.
<https://doi.org/10.1016/B978-0-444-53429-3.00010-7>.
- Chin, Hoong Chor, and Kok Wai Foong. 2006. "Influence of School Accessibility on Housing Values." *Journal of Urban Planning and Development* 132 (3): 120–29.
[https://doi.org/10.1061/\(ASCE\)0733-9488\(2006\)132:3\(120\)](https://doi.org/10.1061/(ASCE)0733-9488(2006)132:3(120)).
- Edusei, Kwame Owusu-, Molly Espey, and Huiyan Lin. 2007. "Does Close Count? School Proximity, School Quality, and Residential Property Values." *Journal of Agricultural and Applied Economics* 39 (1): 211–21. <https://doi.org/10.1017/S1074070800022859>.

References II

- Huang, Peng, and Timothy Hess. 2018. “Impact of Distance to School on Housing Price: Evidence from a Quantile Regression.” *The Empirical Economics Letters* 17 (April).
- Metz, Neil. 2015. “Effect of Distance to Schooling on Home Prices.” *Review of Regional Studies* 45: 151–71.
<https://doi.org/10.52324/001c.8060>.
- Ministerium für Schule und Bildung des Landes Nordrhein-Westfalen. 2024. “The School Social Index in North Rhine-Westphalia.”
<https://www.schulministerium.nrw/schulsozialindex>.

References III

- Rosiers, Francois Des, Antonio Lagana, and Marius Theriault. 2001. "Size and Proximity Effects of Primary Schools on Surrounding House Values." *Journal of Property Research* 18 (2): 149–68. <https://doi.org/10.1080/09599910110039905>.
- RWI, and ImmobilienScout24. 2023. "RWI Real Estate Data – Campus File Cross-Section." RWI – Leibniz Institute for Economic Research. <https://doi.org/10.7807/immo:red:cross:v4>.
- Sah, Vivek, Stephen J. Conroy, and Andrew Narwold. 2016. "Estimating School Proximity Effects on Housing Prices: The Importance of Robust Spatial Controls in Hedonic Estimations." *The Journal of Real Estate Finance and Economics* 53 (1): 50–76. <https://doi.org/10.1007/s11146-015-9520-5>.

References IV

Seo, Youngme, and Robert Simons. 2009. "The Effect of School Quality on Residential Sales Price." *Journal of Real Estate Research* 31 (3): 307–28.