

RESEARCH REPORT

The Cost of Living Near Schools

House Prices and their relation to the Proximity of Schools

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Introduction

Why does a house in one area cost more than a similar house in a different area?

Differences can be huge, with the average value of a three-bedroom semi-detached house in South County Dublin currently about €475,000 compared to less than €100,000 in most of rural Munster and Connacht.



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When people pay for a home, they are paying not only for shelter and space but also for location. Economists have long realised that the differences in the value of a location can reveal important signals about what people want in their day-to-day lives.

An obvious amenity that people pay for is proximity to jobs. This is why, as a general rule, the closer you are to a city centre, the higher the price. But other things matter as well, including being close to schools. This report uses leading research methods to investigate how proximity to schools affects house prices in Ireland.

The research uses Daft.ie asking prices from 2006 to 2014.

There is a full list of data sources and notes on methodology at the end of the report.

Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results.

In particular, we wanted to answer the following three questions:

- 1 Do people pay more to live close to schools?**
- 2 Does this “school premium” change as you move around the country?**
- 3 Does the premium change depending on the type or quality of school?**

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People pay more to live within 200 metres of a school

2.6%

more near primary schools

1.9%

more near post primary



As a national average that equates to paying **€4,681 extra** to be nearer a **primary school** and **€3,631** for **post primary**

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Family sized houses (3-5 beds)

are 2.6% more expensive closer to schools



**And for 1-2 bedroom properties,
people are paying more to be over 500m
away from a post primary school**

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Proximity to primary schools is most important in rural areas...

1.5%

Cities & Towns

1.8%

Settlements

3.0%

Rural



Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results. **P-value: Settlements > 10%** Based on census 2011 definitions. There are 85 classified cities and towns. Settlements are all other towns with a population of 1500 or more.

...but for most post primary schools proximity is most important in urban areas

2.1%

Cities & Towns

1.7%

Settlements

0.1%

Rural

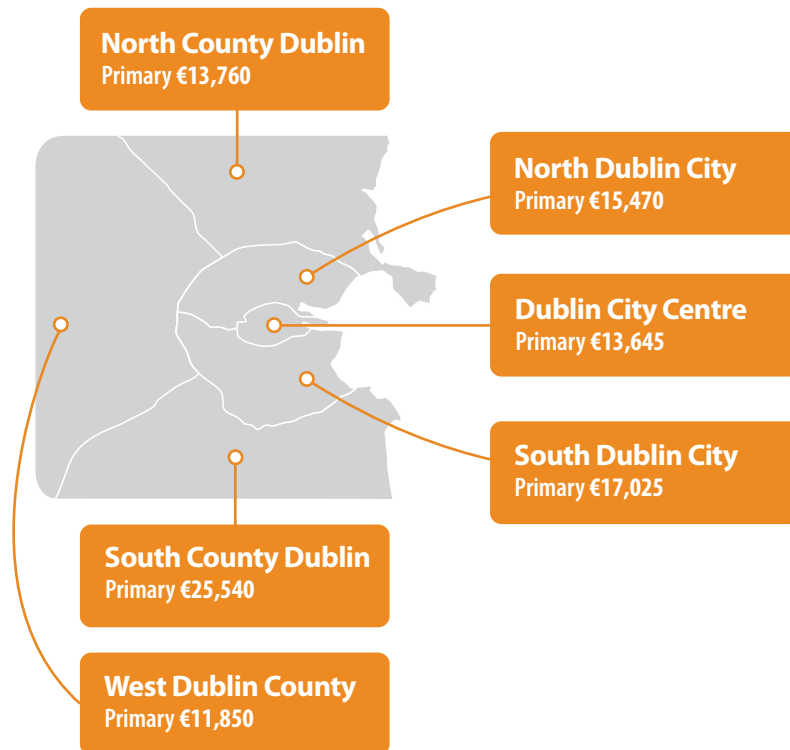


Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results. **P-value: Settlements > 5%** Based on census 2011 definitions. There are 85 classified cities and towns. Settlements are all other towns with a population of 1500 or more.

The cost of living near a school in Dublin

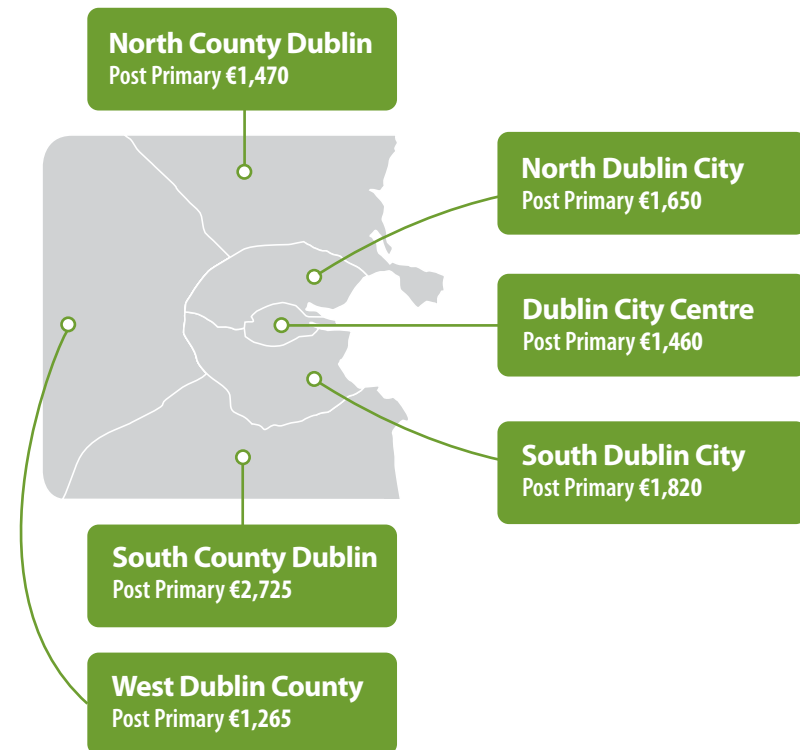
Primary school

Dublin close-up



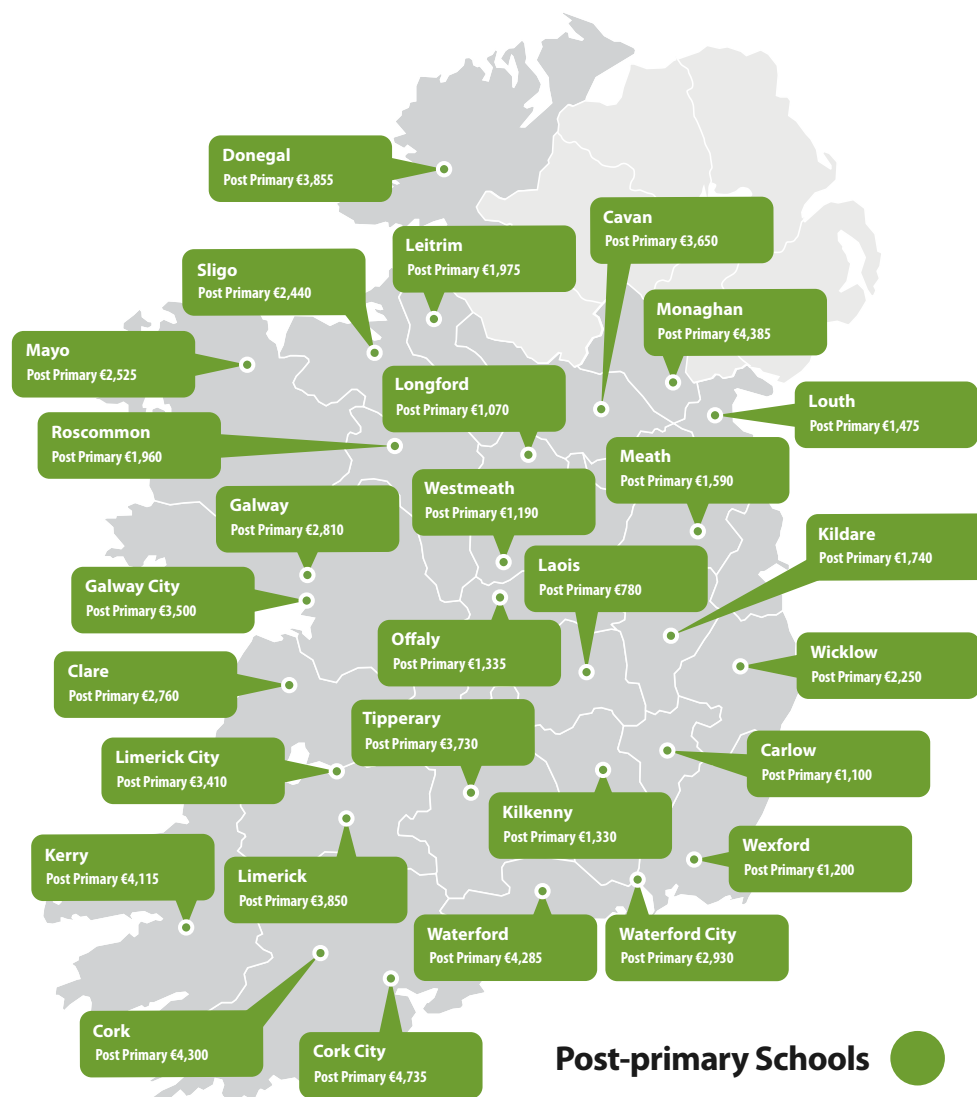
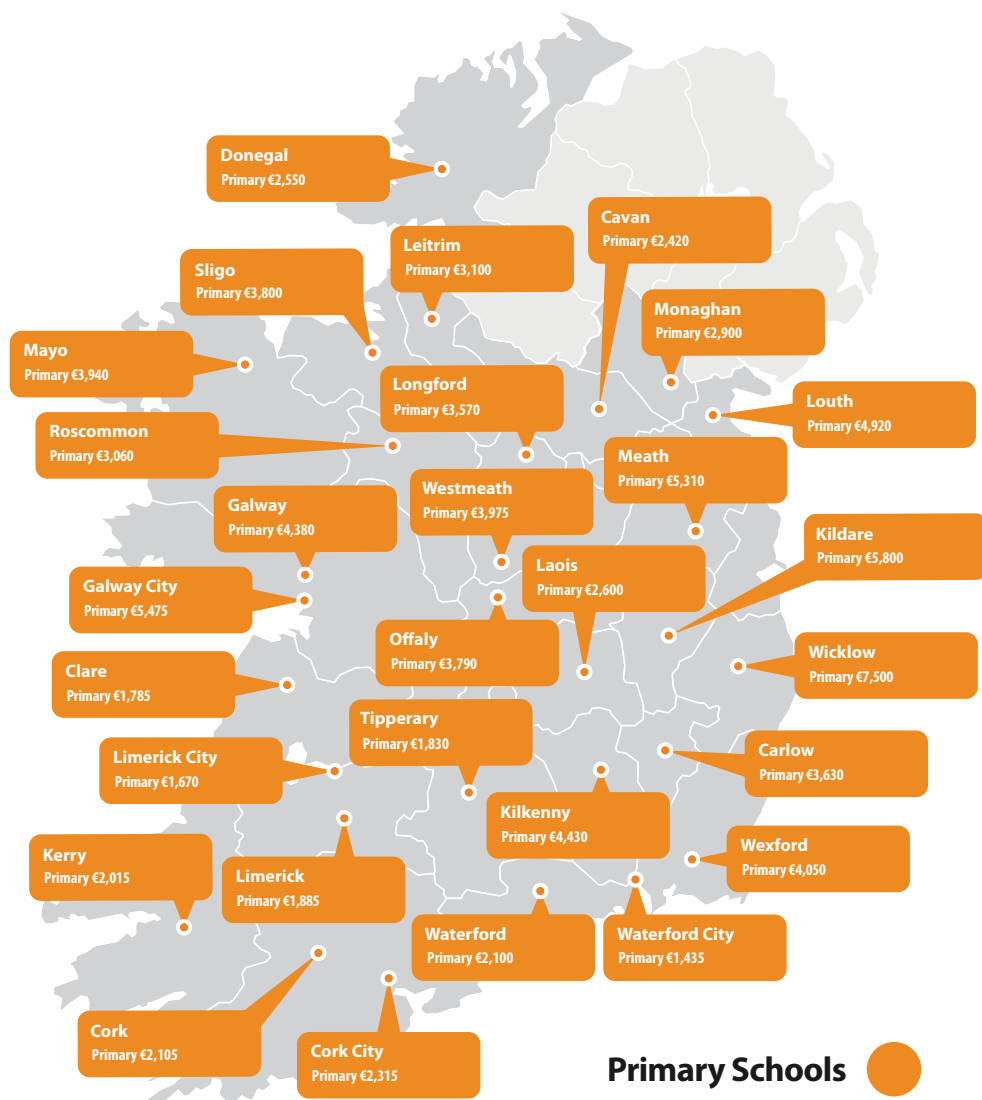
Post-primary school

Dublin close-up



Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results.

School valuation by county



Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results.

The size of a primary school doesn't have a significant impact on paying more

2.5%

**3 or fewer
classes**

1ST QUARTILE

2.6%

**3-5
classes**

2ND QUARTILE

2.7%

**5-7
classes**

3RD QUARTILE

2.6%

**over 8
classes**

4TH QUARTILE



Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results. **P-value: 4th quartile > 10%**

...but smaller class sizes in primary schools **attract higher house prices**

2.6%

<19 pupils in a class
1ST QUARTILE



2.6%

19-22 pupils in a class
2ND QUARTILE



2.3%

23-25 pupils in a class
3RD QUARTILE



2.3%

>25 pupils in a class
4TH QUARTILE



Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results.

Post primary schools who progress more students through **to higher education don't cost more to be near**



2.0%

< 56%*
1ST QUARTILE

1.9%

56 - 73%*
2ND QUARTILE

1.8%

74 - 86%*
3RD QUARTILE

1.9%

> 86%*
4TH QUARTILE

* % of students who progress to Higher Education

Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results. **P-value: 1st quartile > 10%**

Catholic primary schools are the most highly valued whilst other religious schools lead the way in post primary

Primary schools

2.6%

(2857 Schools) **Catholic**

2.4%

(97 Schools) **Non-religious**

2.3%

(199 Schools) **Other religions**

vs

Post-primary schools

2.2%

Other religions (47 Schools)

1.9%

Catholic (349 Schools)

1.8%

Non-religious (347 Schools)

Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results. **P-value: Primary Non Religious > 10%**

People pay slightly more to live near **Educate Together Schools**

2.7%

Educate Together
(55 schools)

2.6%

all other schools
(3,074 schools)



Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results.

Gender has a differing impact for primary and post primary schools

Primary schools

2.6%
(2811 Schools) **Mixed**



2.5%
(125 Schools) **Girls**



2.6%
(125 Schools) **Boys**



Post-primary schools

1.9%
Mixed (476 Schools)

1.9%
Girls (140 Schools)

1.7%
Boys (107 Schools)

Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results. **P-value: Primary Girls > 1% Post Primary: Girls > 1%, Boys > 10%**

Fee paying post primary schools are not valued much more than non fee paying schools

1.9%

Non fee paying (668 schools)

2.0%

Fee paying (55 schools)



Interpreting Results: Reported figures refer to the difference, or premium, in the price of a house within 200m of a school, compared with a house which is 500m or more away. This allows for consistent and easy comparison of our results.

Conclusions

This study has examined whether proximity to schools is reflected in the value of homes.

Overall, a home that is within 200 metres of a primary school is worth 2.6% more - or almost €5,000 on average - than a home more than 200 metres from a primary school.

Proximity to post-primary schools is worth slightly less, just under 2% (or €3,600 on average)

The fact that the premium is slightly bigger for primary than post-primary is perhaps not surprising, given both the greater spread of primary schools around the country. Indeed, the premium is twice as large for rural primary schools than for urban primary schools. This, and the fact that the premium is almost exclusively related to family homes, not apartments, tells us while the housing market can be complicated, young families looking for somewhere to live know how to prioritise the different amenities a location offers. The premium is also bigger where class sizes are smaller, again pointing to sophisticated consumers.

Nonetheless, there are some more surprising results in there, particularly given conventional wisdom about house prices

close to good schools. What we have found here is that, once the characteristics of an area are controlled for, such as adults' average education level and the unemployment rate, the premium is not bigger for secondary schools with greater rates of progression to university or indeed to fee-paying schools.

All in all, this report will be useful not only for prospective buyers and sellers but also for policymakers and planners. Now we know that the investment by taxpayers in new schools is reflected in the value of the property nearby. A good property tax system will mean part of this new wealth created by the taxpayer should flow back to the taxpayer. Hopefully that will help ensure the country continues to have a good quality education system.

Notes on Methodology

Hedonic house price regressions were used to measure the impact of proximity to schools while accounting for all measurable and available house and area characteristics

$$\text{House Prices} = f(\text{House Characteristics} + \text{Area Characteristics} + \text{Distance to school})$$

Using these results we can compare how the value of a school varies across regions and school types. Where statistical significance is less than 1% we include a note alongside the relevant chart.

daft.ie Housing Data

House Prices:

497,662 observations

Q1 2006-Q2 2014

All sales advertised on daft.ie
throughout Republic of Ireland

XY Location Coordinates

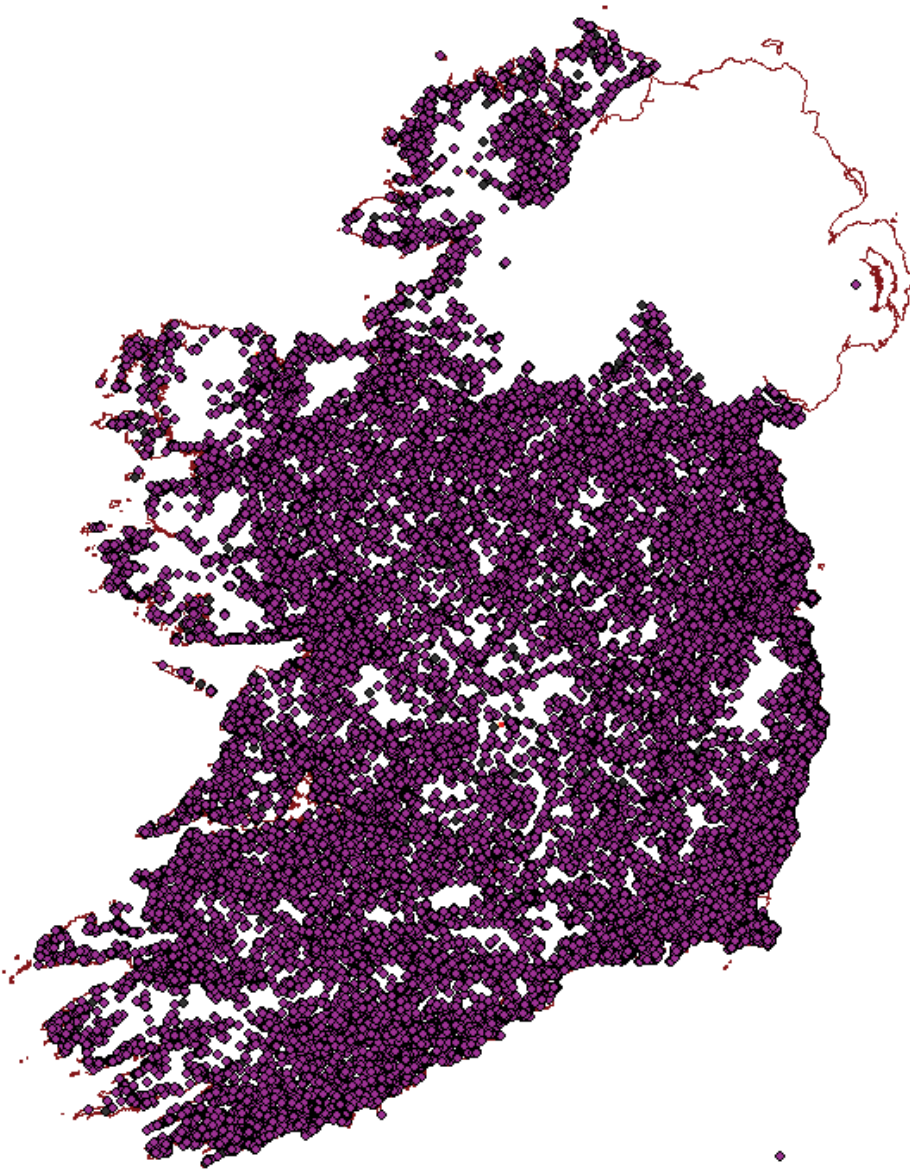
Building Level

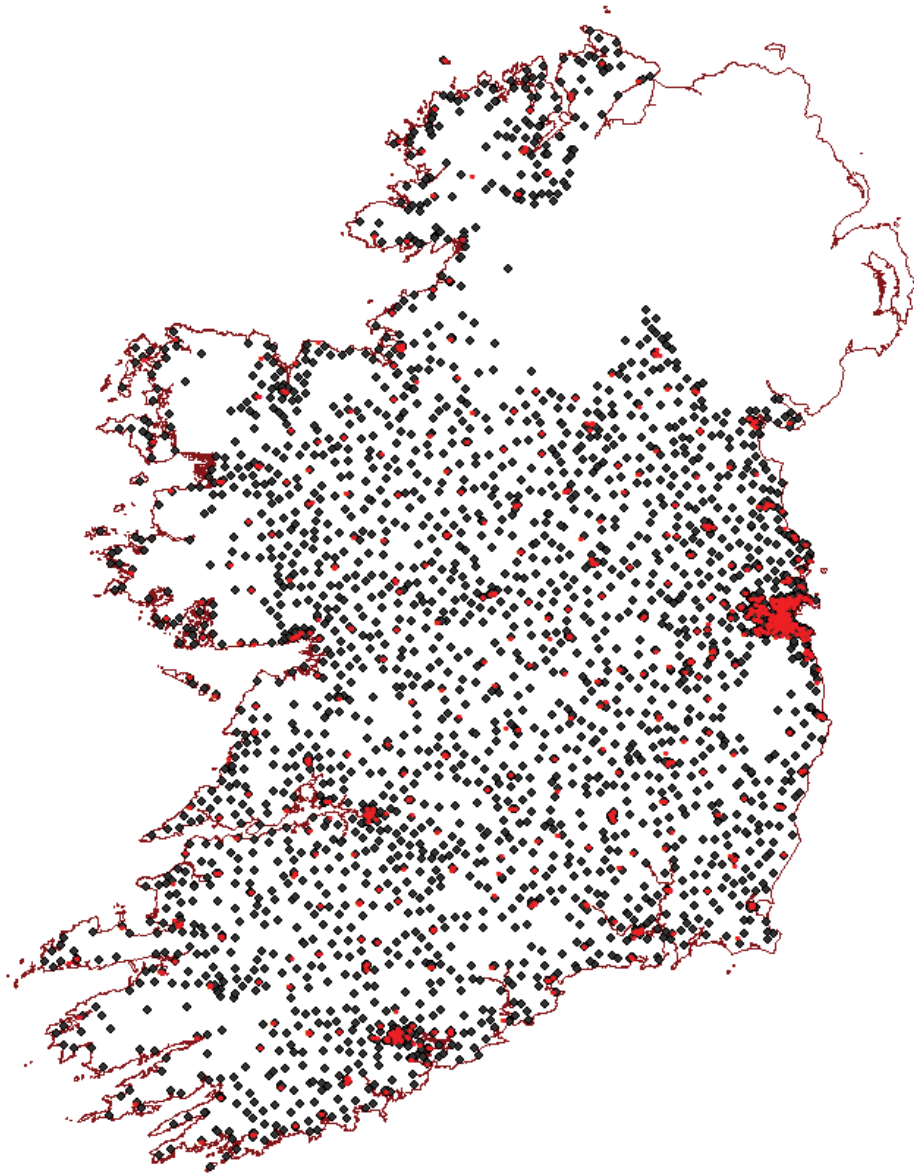
Property Characteristics

Type: e.g. Detached, semi-detached, apartment
Number of Bedrooms

Area Characteristics

Distance to local amenities:
e.g. Coast & Central Business Districts
Census 2011 Data at Small Area Level
e.g. Employment rates
Electoral District 2006 “fixed effects”





Schools Data

XY Location Coordinates:

3129 Primary Schools

701 Post Primary Schools

School Characteristics:

All Schools,
Gender,
Ethos.

Primary Schools:

Average Pupil Class Size,
Number of Classes.

Post Primary Schools:

Fee Paying,
% Progression to Higher
Education & Universities