# Comments on, *Capitalization of 24 hour subway service* …

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## Summary/Research Design

- ▶ Nighttime tube service started for some London tube stations in 2015 and not others.
- ▶ If timing is uncorrelated with unobservables affecting trends in real estate prices, then TWFE estimator gives ATT.
- ▶ Check for unobservables uncorrelated with unobservables by checking for parallel trends.
- ▶ This is carefully done, with good data (400 stations, 200k+(?) transactions), and clearly written.

# Comment #1

- ▶ Look at Jon Roth's recent survey of TWFE design. I think it will help you to clarify the logic of this estimator. Since this estimator is an ATT, you want to focus your exposition on the randomness of the timing of treatment, not on randomness of treatment.
- ▶ Randomness of treatment assignment is harder to defend, but if true, OLS is fine. You don't need TWFE.
- ▶ Show the event study for treated and untreated separately.

## Comment #2

I think you can also implement two different research designs,

▶ Gibbons and Machin (JUE 2005) is the benchmark for estimating the effect of subways on land prices. They compare land prices near and far from stations, before and after opening. This is also TWFE, but different than yours.

▶ Like you, this relies only on randomness of timing. Since you want to compare your results to theirs, why not do this estimation, too? Hopefully, you will get the same answer. I would really like to see the treatment effect drop off after 2km as Gibbons and Machin found, (or I would like to know why).

# Comment #3

I am sceptical of the story,

- ▶ If subways cause nightclubs to migrate from central to suburban neighborhoods, and nightclubs are a bad for real estate prices, shouldn't central prices rise and crime fall? Can you document this?
- ▶ If this is just people getting on and off the train at night, does this really cause enough commotion to have an effect? Why is this just an effect in the suburbs?
- ▶ Are we seeing an increase in crime, or is it just displaced from somewhere else? This matters for welfare. I don't care as much about where crime happens as I do about its level.
- ▶ More generally, we know that transportation infrastructure reshapes cities, generally it decentralizes them. I wonder if there is not some other way to understand these results in this light? Replicating the Gibbons and Machin finding would be reassuring here.