**INTRODUCTION**

Residential properties are valued for their physical, locational, neighbourhood and environmental attributes. A scenic view is an environmental amenity that affects the value of a residential property. Evidence from previous studies suggests that a view can add significantly to the value of residential properties. However, in most of the early studies view has been treated generically even though views vary by type (e.g. Ocean, Lake, Mountain, and Forest) and by quality. Failure to treat view in a more elaborate manner was due to the difficulty of obtaining data regarding view variables, which was conquered more recently by the introduction of geographical information system (GIS) data.

This study hypothesises that a view adds significantly to the value of a residential property, where a water view has the highest positive impact. Moreover, it is hypothesised that the impact of a view varies significantly with the quality and also across distance to the coast.

**LITERATURE REVIEW**

There is a large literature on the contribution of various types of environmental amenities to residential property values. In early studies distance from the environmental attribute to the property was commonly used to measure its impact on value. Measuring the value of environmental amenities has been improved more recently by taking visibility of the amenity from the property into account. View amenity was considered either as a primary or secondary focus of analysis in a relatively small number of studies, however very few studies have analysed the value of a view in a wider perspective. A majority of these studies incorporated a dummy variable to classify a property as having a view or no view without giving much consideration to the diversity of views.

More recently Benson *et al*. (1998) examined the impact of different types and qualities of views on residential property values in Bellingham, Washington. The authors classified views by three types - ocean, lake or mountain. Ocean views, were further categorized into four groups by the quality of view as “full”, “superior partial”, “good partial” or “poor partial”. Properties with lake views were classified as either lakefront or non-lakefront properties, whilst mountain-view properties were not differentiated by quality as the number of such properties in the sample were small. This particular study showed, for example, that a full ocean view adds about 60% to market price relative to a similar house with no views and the impact of water views on property values vary inversely with the distance to water. Similar results were obtained by Seiler *et al.* (2001). They estimated that a house with a view of Lake Erie has 56% higher value than a house with no view of the Lake.

Paterson and Boyle (2002) used a hedonic pricing model to estimate the impact of different types of views on residential property values in Connecticut. Views were categorized into Development, Agriculture, Forested area or Water and percentage of area in each type of view visible within a kilometre were measured to differentiate views by quality. They found that the degree of visible Forested land and Development caused significantly lower property values, whereas visibility of Agriculture land did not appear to have a significant impact on property values. Surprisingly, Peterson and Boyles’ study revealed that the impact of a water view on house price was negative, suggesting that a house with a water view was valued less than a house without a water view, and however this impact was found to be statistically insignificant. They have justified that the insignificant negative coefficient on visibility of water was due to lack of observations with water views.

Finally, Bourassa *et al.* (2004) investigated the impact of different types and qualities of a view on the sale prices of residential properties in Auckland using a standard hedonic price model. Utilizing GIS data, Bourassa *et al*. (2004) were able to consider two types of views (over water and land), three scopes of views (wide, medium, and narrow) and for properties with water views they have included interactions with the distance to the coast. It was estimated that at the coastline a wide view commands a premium of 59% compared with a premium of 33% for a medium scope of view on average, whereas the premiums were 18% and 13% respectively when 1,000 metres away from the coast. Despite the fact that this study attempts to analyse the influence of view amenity on property values in a wider prospect, the estimated results are somewhat questionable. The authors described that the distance to coast was only measured for properties with water views but distance to coast was added as an explanatory variable in the regression, it was either misspecified or the estimates were calculated incorrectly.

**CONCLUSION**

The aim of this study was to investigate the multidimensional nature of attributes like bedrooms, bathrooms, waterfront, view, and condition, mainly the view amenity and to estimate its impact on residential property values. View amenity was considered either as a primary or secondary focus of analysis in a relatively small number of studies, however few of these studies have analyzed the value of view in a wider perspective. A majority of these studies incorporated a dummy variable to classify a property as having a view or no view without giving much consideration to the diversity of views. In contrast, this study utilises a detailed classification system that diversifies views on the basis of both type of view and scope of view.

Benson *et al*. (1998), Bourassa *et al*. (2004), and Seiler *et al*. (2001), it is found that a scenic view adds to the value of residential properties. Coefficients from a simple model suggest that value of a house with other views is approximately 12% less whereas the value of a house with no appreciable views is approximately 14% less, compared to the value of a similar house with water views, on average.

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