Estimating the Real Estate Price of Armed Conflicts

Danny BEN-SHAHAR, Yuval ARBEL and Yossef TOBOL, Israel

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ABSTRACT

We present unique empirical evidence on the real estate price effect of violent conflicts. For several months since October 2000, the neighboring zones of Gilo (Jerusalem, Israel) and Beit-Jala (Palestinian Authority) suffered from reciprocal shootings as part of the "Second Intifada." Observing a time-series data of housing transactions in Gilo for the years 1996-2006, we estimate the effect of this armed conflict on housing prices both across time and locations. Our statistical estimation method further measures the speed by which prices reacted to the events when the shootings both had begun and ended. Finally, we compare the price effect of the shootings and its particular pattern on the inner zones of Gilo and the front-line streets.

CONTACTS

Dr. Danny Ben-Shahar
Technion - Israel Institute of Technology
Faculty of Architecture and Town Planning
Haifa 32000
ISRAEL
Tel. + 972-4-8294106
E-mail: dannyb@technion.ac.il