

EXPLORING WHY CRIME AND HOUSE PRICES CORRELATE POSITIVELY IN LONDON

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where $\ln P$ is the logarithm of property prices, $\ln C$ is the logarithm of nearby crime, N is the number of 24-hour police stations within 1 km and D is the distance from the closest 24-hour police station. The controls contained in X will be outlined below. In particular, our assumptions imply that

were recorded, and the former was inserted into GIS software to assign coordinates to each observation. It was then possible to count the number of 24-hour police stations within 1 kilometre of the property, and the distance from the closest 24-hour police station for each property in kilometres.

Data on additional controls was sourced from OpenStreetMap. In particular, the number of museums within a 1 kilometre radius of each property is used as a proxy for touristic presence. Similarly, the number of pubs located within 1 square kilometre of each property is an indicator of local amenity density. Amenities play an important role in property valuation, as explained in (Polinsky & Shavell, 1976), and it is thus sensible to include them in the model. In short, the chosen controls are: the number of museums nearby, the number of pubs nearby, dummies for the TfL fare zone, the number of bedrooms, the average distance from the closest public transport stop, whether at least one of the two closest stops belongs to the underground system and the type of property (whether it is a flat, a detached or a terraced house).

Summary statistics for the resulting database are reported in Table 1.

TABLE 1 -

APPENDIX

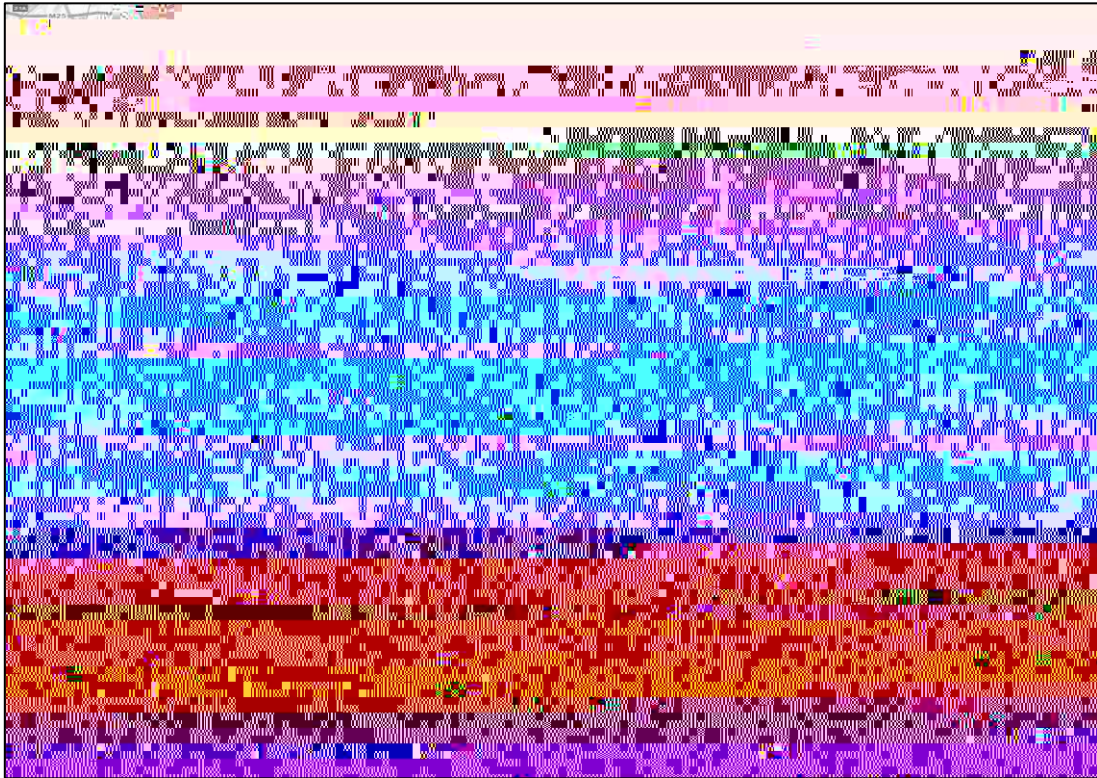


FIGURE 1 - CRIME DENSITY; LIGHTER MEANS MORE CRIME

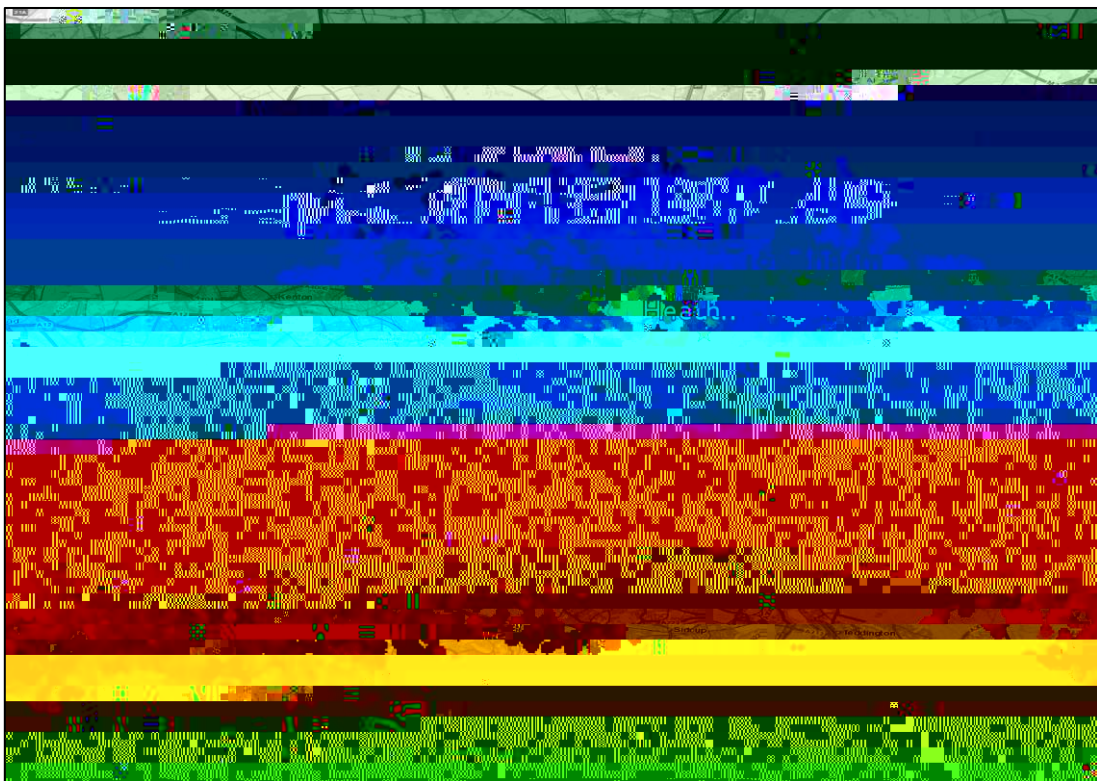


FIGURE 2 - HOUSE PRICES; LIGHTER MEANS MORE EXPENSIVE

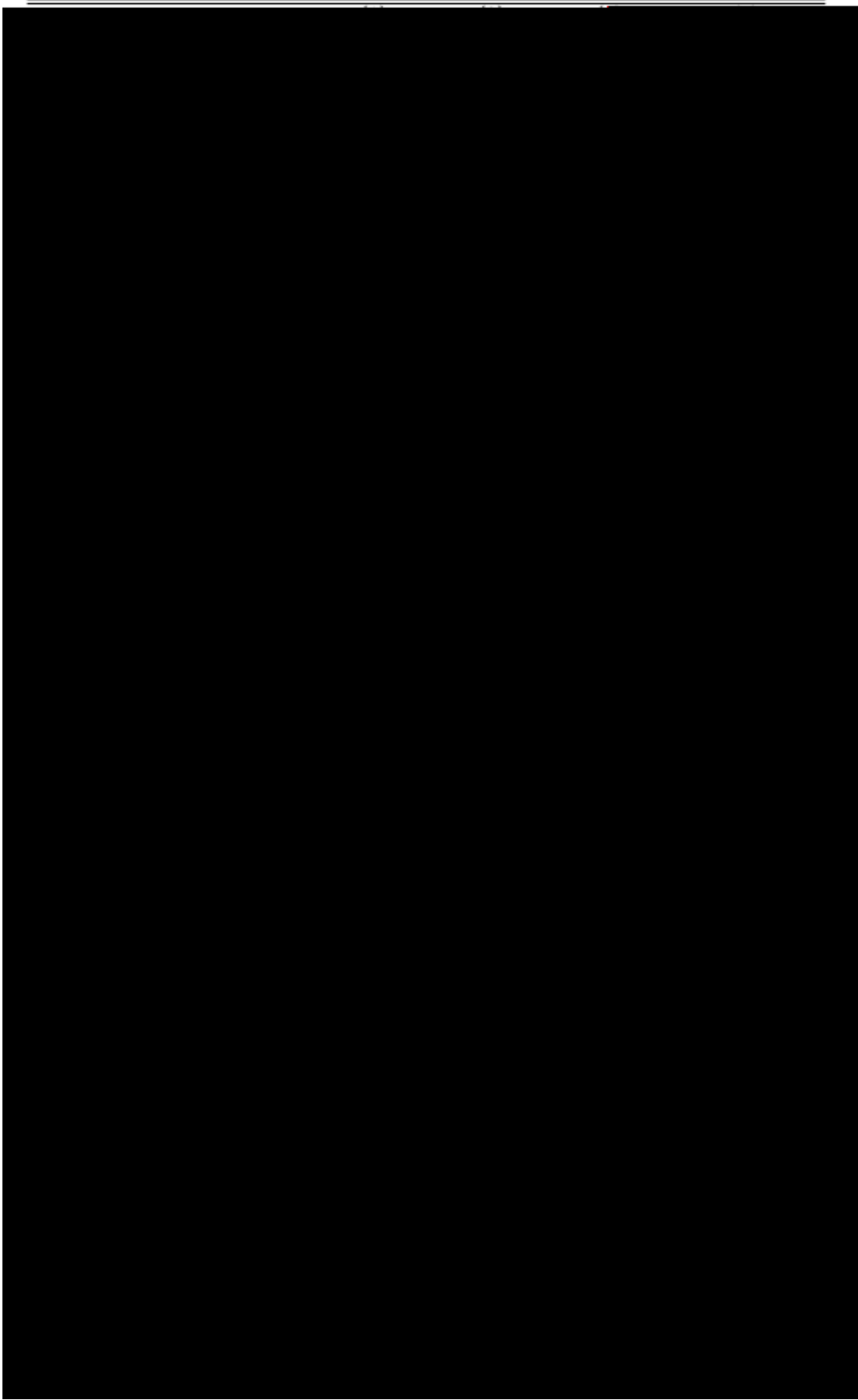


TABLE 1 - FULL REGRESSION RESULTS

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