

# *Land Value and Infrastructure*

*Piet Pellenbarg*

*FRW/RUG Workshop  
“The usefulness of value-capturing  
instruments in urban planning  
and infrastructure development”  
Groningen, 30-6-2009*

P.H. Pellenbarg  
Faculty of Spatial Sciences  
University of Groningen  
URBAN & REGIONAL STUDIES INSTITUTE URSI

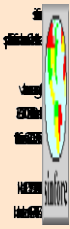
**RUG**



*Leading Question (for an economic geographer):  
How important is accessibility/infrastructure for firm location?*

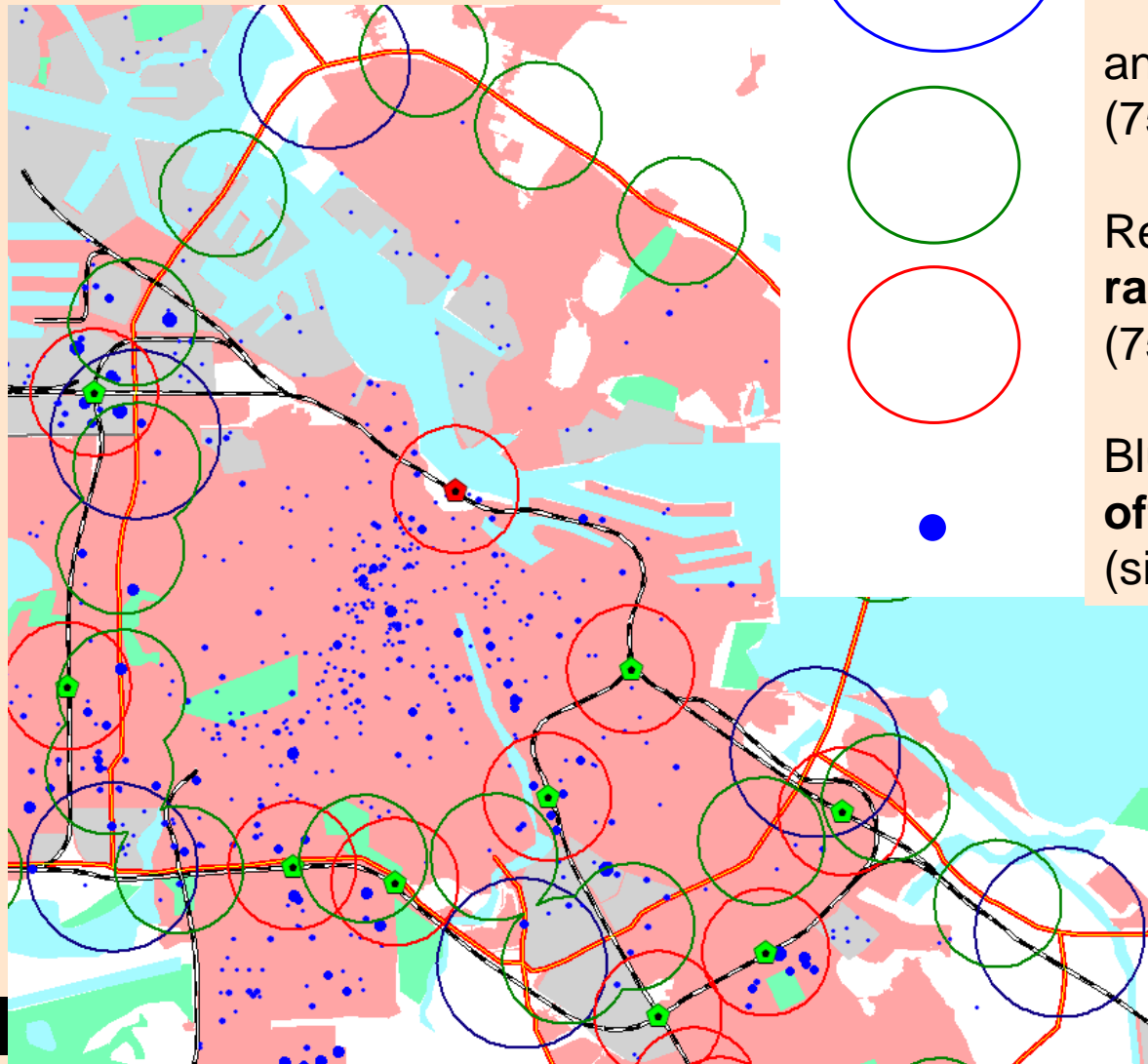
*Related Question: Is this importance visible from higher location rents near infrastructure junctions?*

- A case study by SINFORE (a consultancy company on Spatial Information For Real Estate)
- In 2004 SINFORE made an inventory of office rents on locations, related to their position w.r.t. motor way junctions and railway stations
- Combination of two datasets: 1) all real estate (office) transactions 1998/2003; 2) average rent values 1998/2003



# Example

## The data set figures for Amsterdam



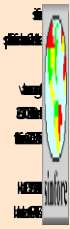
Blue: Circles around **motor way crossings** (1000 m)

and (green) **junctions** (750 m)

Red: Circles around **railway stations** (750 m)

Blue dots indicate **office transactions** (size indicates m<sup>2</sup>)

*Source:*  
*M.H. Pellenbarg*  
*(2004)*  
*PropertyNL/*  
*research quarterly*  
*nr 3, p. 14-19*



# The results : Average rent values 1998/2003 per location type and per region

## Average rent values

### Total

### Motorway locations

### Railway Stations

#### All Periph.

#### Crossings Junctions

#### All

#### Centr. Suburb.

NEDERLAND	139	142	136	156	145	134	156	96
<b>Cities</b>	143	146	140	159	148	137	159	101
<b>Other regions</b>	115	119	121	113	116	115	123	95
<b>North wing</b>	157	162	157	170	165	155	169	103
<b>South wing</b>	135	135	129	153	141	138	143	92
<b>Intermediate</b>	118	117	116	120	125	127	123	102
<b>Periphery</b>	108	107	107	109	115	111	131	77

# *A bonus (value increase) for accessibility?*

- ***Conclusion: availability of infrastructure does NOT lead to higher real estate values***
- Only for offices near motorway junctions and near suburban railway stations there is a small positive price effect (12-13%)
- For 'ordinary' junctions there is no effect at all



# *Final consideration*

*1) one case study doesn't prove a theory*

*2) warning: do not assume to easily that infrastructure building can be financed from capturing land value increase*

