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SHOULD ANY NEW LIGHT RAIL LINE PROVIDE REAL ESTATE GAINS, OR NOT? THE CASE OF THE T3 LINE IN PARIS

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ABSTRACT

This paper presents a research to assess real estate gains brought by a new light rail infrastructure: the T3 tramway line in Paris opened in December 2006. Based on comprehensive geo-located data, it mainly focuses on econometric hedonic modelling where accessibility gains are included besides other intrinsic and extrinsic variables. In spite of different specifications, no model yielded any significant effect of the new line. Finally, the rationale for such an outcome is discussed, and by comparison with other studies, the factors for a new line to provide significant gains are listed.

Keywords: light rail, Paris, accessibility, hedonic models, real estate gains, land rents

1. INTRODUCTION

1.1. Context

This paper presents the outcomes of a study aimed at evaluating the impact of the T3 tramway line in Paris on housing real estate prices.

The study is part of a series of studies by IAU Ile-de-France and IFSTTAR (former INRETS) on the evaluation of real estate impacts of transport infrastructures or policies (T1 tramway line, Nguyen-Luong, 2006; T2 tramway line, Boucq & Papon, 2007; RER E, Nguyen-Luong, 2006; Zones 30 in Paris, Glachant, Bureau & Nguyen-Luong, 2008). On the one hand, these studies are conducted in a context where public funding is becoming scarcer and where the government is searching for new sources of public transport project funding. One possible

source would be taxing part of real estates gains brought by new infrastructures, though it raises technical and juridical issues beyond the scope of this research. On the other hand, such studies may help at improving transport and land use models, such as SIMAURIF (De Palma & Nguyen-Luong, 2004 à 2008), that simulates two-way effects between transport infrastructure and land use in the middle-long run, in particular households and jobs location and land and real estate rents, which include « wider benefits », i.e. positive externalities beyond classical time gains.

The study was conducted in six phases: (1) bibliographic synthesis, (2) data collection, (3) field survey passed to real estate agents, (4) descriptive analysis, (5) estimation and validation of a hedonic regression price model, (6) summary of five studies on the real estate effects of a new transport infrastructure in Ile-de-France. This paper will focus on the outcomes of the hedonic model.

1.2. Scope and limitations

As this paper focuses on the outcomes of the hedonic model, it will not present the results of other approaches, in particular field survey and descriptive analysis, which do forewarn the hedonic results. This paper is a case analysis, and does not aim primarily at improving theoretical modelling developments. So the lessons of this paper should be more to compare with other transport service change effects on real estate price, and draw general laws in this regard.

The main merit of this work relies on the substantial dataset that was applied. The comprehensive property transfer base makes it possible to detect the slightest effect. The most innovative part is the use of accurate dwelling location, with postal address and full geo-location, so that spatial effect can be fully captured: to the authors' knowledge, this was never used before.

The main limitation is the limited data used to compute accessibility gains: travel time changes were the outcome of modelling, and not real travel time measurements. So maybe the actual travel time savings brought by tramway T3 were lower than expected.

2. DATA

2.1. The T3 tramway line

The T3 tramway line was opened to operation on December 16, 2006, replacing a former bus line. Its main characteristics are: 7.9 km length, 17 stations, 26 minutes travel time between terminus stations, 115,000 travellers per day on average in 2010 (double the previous bus line), 5:00 a.m. to 12:30 a.m. operation, 16.5 km/h commercial speed (compared to 14.5 for the previous bus line), 7 metro lines and 37 bus lines in direct transfer, lawn grown on 70% of the lay-out.

The study area is set 4 km apart both sides of the tramway line, partly covering 8 Paris *arrondissements*, 7 municipalities in county Hauts-de-Seine (Boulogne, Issy-les-Moulineaux, Vanves, Malakoff, Châtillon, Montrouge, Bagneux) and 5 municipalities in county Val-de-Marne (Arcueil, Gentilly, Villejuif, Le Kremlin-Bicêtre, Ivry-sur-Seine), including the line corridor defined 400 meters apart both sides of the tramway line.

The T3 line was extended end of 2012 from Porte d'Ivry to Porte de la Chapelle with 25 new stations.

A recent cost-benefit analysis of the T3 tramway (Prud'homme et al., 2011) finds that the new line produced a net loss for travellers, as increase in road congestion offsets time savings to public transport users.

2.2. Real estate data source

The richest possible data were used for this research. All collected transaction data were geo-located at the postal address. Historically in France in this type of study, transaction data were at the municipality level, or recently at the IRIS area level (defined with population of 2000 inhabitants, T2 study by INRETS, Boucq, 2008) or at the street level (T1, RER E and Green neighbourhoods studies by IAU Ile-de-France, Nguyen-Luong, 2006). Such an accurate location allows computing precisely extrinsic variables such as distances to amenities.

This database takes into account only the properties on the transaction market (for sale). It excludes properties outside this market (for rent): council housing and privately rented flats. The database is BIEN from the Paris Notary Chamber who detains the exhaustive transaction data from 1990 to today. The great pro of this base is that all transactions are geo-located with Lambert II coordinates XY at their postal address. Seven years, from January 1, 2002 to December 31, 2008 were included, five years before tramway operation and two years after.

2.3. Unfavourable economic trend

An additional concern has occurred during the study, as the real estate crisis burst in 2008-2009. A study by the Paris Notary Chamber¹ showed that the number of housing sales in the region Ile-de-France plummeted by 40% in the first term of 2009 as compared to previous year. This fall concerned all housing categories: old flats (-41%), new flats (-46%), old houses (-44%) and new houses (-56%). Prices also fell in the same time, although in 2010 they recovered the previous increasing trend. Thus, for the first time since the second term of 1998, old flats in Paris city have recorded a decrease in annual variation (-1,0% at 6360 euros/m² vs. +9,4% in the first term of 2008). The fall is higher in inner suburbs (-5%) and in

¹ *Votre notaire vous informe*, été 2009, available (18 August 2014) at http://www.paris.notaires.fr/sites/default/files/vnvi/votre_notaire_vous_informe_ete_2009.pdf

outer suburbs (-8%). This price decrease does not ease descriptive comparisons before/after and the interpretation of the econometric analysis results.

2.4. Real estate data 2002 to 2008

The database on the study area includes 162,032 transactions (or sales or transfers) of flats between 01/01/2002 and 31/12/2008. Table 1 shows the distribution of flat transactions by year on the study area:

Table I – Number of transactions per year in the study area

Years	2002	2003	2004	2005	2006	2007	2008	Total
Number of transactions	22 468	22 673	24 663	26 172	23 851	23 143	19062	162 032

The available fields are: reference number, transfer date, transfer price, municipality code, street type, street name, floor number, new or old, liveable surface area, number of rooms, lift, garage, building period (9 classes), previous transfer date, previous transfer price, X, Y.

3. LITERATURE

3.1. Hedonic modelling principles

To study the effect of a transport infrastructure on real estate prices, hedonic modelling is generally used (for example DREIF, 2002; Deymier, 2005; Boucq, 2008).

This method is particularly suited as properties are heterogeneous goods, and their price depends on their characteristics, intrinsic and extrinsic. Intrinsic characteristics are those that belong to the property itself (surface area, number of rooms, number of bathrooms...), and extrinsic characteristics are those of the environment where the property is located (socio-demographics, proximity to local public facilities such as schools and hospitals, or local transport conditions).

To measure the possible effects of the T3 tramway on real estate prices, a hedonic price model based on the founding work by Rosen (1974) is built. The hedonic function will provide an estimation of properties as a function of their characteristics.

Once this function is estimated, the fictive price of properties if the tramway had not been put in operation, and the price of properties taking into account the tramway service can be computed. The difference is the gain brought by the tramway implementation, as the hedonic function provides a measurement of one single variable modification impact on prices, everything else being equal, and enables to separate the tramway effect from other price determinants.

3.2. Use of hedonic models in real estate economy

The big pro of hedonic models is their ability to separate the effects of different characteristics on housing price, making it possible to study the consequences of modifying one characteristic. The following studies can be quoted:

- Beckerich (2000) studies the effects of local public goods;
- Letombe et Zuindeau (2001) work on the impact of disused industrial estates;
- Saulnier (2004) and Brasington - Hite (2005) deal with the influence of air quality;
- Faburel et al. (2004) estimate the dwelling price depreciation due to air traffic noise near Orly airport;
- Brossard et al. (2007) assess the impact of landscape attributes on real estate prices;
- Glachant et al. (2008) measure the importance of so-called “green neighbourhoods” and “quiet neighbourhoods” policies in Paris.

Other authors evaluate as we do the consequences of some transport condition change on dwelling prices, such as for instance:

- Deymier (2005) works on the impact of the opening of Lyon north ring freeway;
- Nguyen-Luong (2006) on the impact of tramway T1 and RER E in region Ile-de-France;
- Debrezion et al. (2007) on the impact of railways in the Netherlands;
- Boucq (2008) on the impact of tramway T2 in county Hauts-de-Seine;
- Calzada and Decremer (2009) on the impact of East-European high speed rail in regions Alsace, Lorraine and Champagne-Ardenne;
- Rodríguez & Mojica (2009) or Cervero & Kang (2011) on the impact of BRT services.

3.3. How do hedonic models take into account the link between transport infrastructure and real estate prices?

There exist many empirical studies, in particular in the Anglo-Saxon literature, on the relation between transport infrastructures (road or rail) and real estate prices, mobilizing the hedonic theory. But often those studies represent this relation with the **shortest distance** between dwelling and infrastructure or between dwelling and the nearest station.

The following four studies, conducted in the United States in the 1990's, examine important rail transport infrastructures at the interurban scale: Gatzlaff and Smith (1993) study the impact of a new rail system METRORAIL in Miami; Armstrong (1994) in Boston; McDonald and Osuji (1995) in Chicago; Benjamin and Sirmans (1996) in Washington, DC.

In these four studies, a **continuous variable, proximity from dwelling to station**, is used to measure the effect of the infrastructure on prices. For that, even if it exists, the negative effect of the immediate proximity to station, as evidenced by other authors (Bowes and Ihlanfeldt (2001) or Kazmierczak and Jayet (2002)), cannot be found. Similarly, to study the impact of a road transport network change on single family housing prices, Smersh and Smith (2000) and Boarnet and Chalermpong (2001) use distance between dwelling and the

nearest access to the studied infrastructure, in a continuous manner. However, the former study the impact of a new bridge in Jacksonville (so without necessarily a negative effect of immediate proximity to bridge). The latter, to study the impact of building a toll road network in the Orange county (California) exclude dwellings that are too close, so as to avoid negative externalities produced by the immediate vicinity to a highway.

Bowes and Ihlanfeldt (2001), when studying the impact of railroads in the Atlanta region on single family real estate prices, introduce distance between dwelling and the nearest station in a **discrete form** by means of four dummy variables, so as to take into account **non linear impacts**. Similarly, Yiu and Wong (2005) use the shortest distance between dwelling and infrastructure in a non-linear form by introducing four zone dummies, aiming at estimating the real estate price impact of building a tunnel in Hong-Kong. Besides introducing four station proximity zone dummies, Bowes et Ihlanfeldt (2001) use, to represent accessibility to jobs as in urban models, road mileage to CBD and a gravity variable for job proximity, as Gordon and Richardson (1983), Cao and Hough (2007) and Ottensmann et al. (2008), making it possible to take into account decentralization. But this effect does not come out as significant. Franklin and Waddell (2003) and Du and Mulley (2006) introduce gravity accessibility measures too, but for access to specific activities.

In their study on the impact of railway lines on real estate prices in the Netherlands, Debrezion et al. (2007) introduce three indicators to capture rail effect: distance to stations in a discontinuous form (zone dummies), train frequency and proximity of dwelling to railway line. The second indicator has a weak effect on prices, and the third one makes it possible to capture train negative externalities (mainly noise). The specificity of their study lies in the first indicator: as most authors, they construct this distance variable from dwelling to the nearest station, they construct another one by referring not to the nearest station, but to the one that is most frequently used according to zip code. With this second variable, the effect is much stronger. In fact, the most often chosen station benefits from additional features, which are not directly observable.

For France, Gravel et al. (2002) explain house transfer prices in 33 towns of county Val d'Oise, and introduce as accessibility variables the time needed to go from these 33 selected towns to Châtelet-les-Halles station (in central Paris) at peak hours by road and by transit, as well as the shortest distance between town centre and freeway entrance.

In the study by DREIF (2002) on tramway T1 Saint-Denis - Bobigny impact on land and real estate prices, the notion of accessibility to jobs is explicitly taken into account: the indicators used are the number of jobs and the number of persons accessible within 30 minutes by transit from the considered zone. But it is not so in Deymier (2005) on the effects of Lyon north ring freeway opening on real estate prices, who use as accessibility indicator the access distance to the nearest north ring access, neither in Calzada and Decremer (2009) on the impact of East European high speed rail in regions Alsace, Lorraine and Champagne-Ardenne, who use as accessibility measure the travel time from each municipality to cities along the corridor. Kazmierczak and Jayet (2002), in their study of the impact of tramway T2 on real estate prices, evidence a negative effect of T2 station proximity, but a positive effect

of average travel time savings, thence show that this infrastructure is valued not for its proximity, but for the accessibility gains provided. Boucq (2008) also study the impact of tramway T2 service in county Hauts-de-Seine on housing prices, but use potential accessibility indicators to all jobs in county Hauts-de-Seine.

Thus, the way of taking into account transport infrastructure for estimating prices is **very variable** across studies, and scarcely explicitly through job accessibility terms, as taught by urban economy.

3.4. Improvement targets in this research

One question is whether the effects of infrastructures on land and/or real estate rents are positive and significant. According to the comprehensive review by Deschamps (2008), since the 1950's, study results have been very variable. The outcomes depend on infrastructure type, distance to infrastructure, period taken into account, and urban dynamics. The author points out the following methodological flaws. The attempts of the research presented in the current paper to overcome these issues are mentioned.

- The spatial level of analysis should not be at the municipality level but more accurate to seize household preferences, distance to transport services and other amenities, and the housing micro-markets: in this research, the dwelling location is accurately determined at the postal address level, so as to compute exact distance to amenities.
- Data should be individual transactions and not aggregated: so is the BIEN database.
- Price data should be real sale prices and not the price displayed before bargaining: so is the BIEN database.
- Anticipation effects are rarely taken into account: data are recorded five year before opening to take this effect into account.
- The most important variable, accessibility, is often imperfect (often linear where a more complex form would be needed) and its parameter has decreased over time: a log-sum form is used.
- Statistical methods do not always allow accurate measurement of a very small time gain effect: unfortunately, due to the limited travel time savings provided by the T3 tramway, and the difficulty in measuring it, this remains a limitation in this study.
- Besides transport variables, two other variable types should be integrated in the price model intrinsic variables (surface area, building age, lift...) and extrinsic variables (proximity to urban amenities, neighbourhood social characteristics): so are the models in this study.
- Co-linearity and space heterogeneity between variables may induce cumulative effects that may produce counter intuitive outcomes: the most relevant space variables were selected; some do overlap, but due to the huge dataset, all yield significant and expected results.

In spite of hardly comparable studies as each case is different, and in spite of varying accessibility effects on housing prices (in nature and intensity), one consensus emerges: when transport effects are significant, they are low.

4. METHODOLOGY

4.1. Hedonic model description

The estimated model is based on Rosen's formulation (1974):

$$F(p) = X1\beta_1 + X2\beta_2 + \varepsilon$$

With p housing price vector, and $F(.)$ hedonic function, supposed in a first step to be of the Box-Cox form. It is assumed that characteristics are desirable and that agents' choices obey the utility maximization principle. $X1$ and $X2$ are characteristics observation matrices ($X1$ intrinsic and $X2$ extrinsic). ε is an independent and identically distributed error term vector.

Thus each composite good basket ($X1$, $X2$) corresponds to a market price p estimated by hedonic function $F(.)$.

4.2. Model variables

According to data availability, the following fifty or so explanatory variables were tested.

A) Intrinsic characteristics: building period, liveable surface area, number of rooms, average surface area per room, floor number, lift, number of garages.

B) Transfer characteristics: current transfer year, current transfer month, previous transfer year, dummy "transfer after Olympiades station opening (June 2007)".

C) Extrinsic characteristics are sorted into 7 categories.

1) Address: municipality, *arrondissement* if Paris city, neighbourhood if Paris city (80 neighbourhoods), street type (14 types: avenue, boulevard etc.), orientation with respect to the T3 line (6 classes: north, south, northeast, southeast, northwest, southwest).

2) Proximity (after the land use data), i.e. distances to the nearest facility of each type: woods and forests, leisure parks, gardens and parks, habitat gardens, shopping malls, all shopping facilities, sheltered sport facilities, middle schools, high schools, higher education, hospitals, cemeteries, great cultural facilities, transport infrastructure more than 25 meters wide.

3) Dummies whether the property belongs to a particular land use polygon: single-family housing, single-family housing residence, rural housing, multi-family low-rise row-housing, multi-family high-rise row-housing, multi-family high-rise detached housing, prisons, other habitat, activities in mixed urban fabric, facilities for water, sewage, energy and industry.

4) Other proximity variables, i.e. distances to the nearest facility of each type: metro station excluding Olympiades, SNCF and RER train station, passenger railways, ZAC urban

development zone, T3 tramway line or station, Châtelet station, gare de Lyon station, Montparnasse station, Saint-Lazare station.

5) Other dummies: property within 500 meters (respectively 200 meters, between 200 and 400 meters) from Olympiades station, address on *boulevard des Maréchaux* (it is not known whether the flat windows faces or not the boulevard).

6) Variables linked to INSEE blocks crossed with land use: percentage of natural area in block, percentage of industry in block, percentage of tertiary activity in block, number of jobs per block.

7) Socio-economic variables linked to IRIS population zones (INSEE): percentage of persons aged 60 and over in IRIS, percentage of couples with 3 children or more in IRIS, percentage of households by household size (1, 2, 3, 4 and over) in IRIS, percentage of households the head of which belongs to a particular socio-professional category (farmer, retailer/craftsman/business boss, executive, intermediary profession, employee, worker, retired, without professional activity) in IRIS, percentage of foreigners in IRIS population, percentage of unemployed among IRIS working population, percentage of higher education degrees in IRIS, population aged 20 and over, percentage of dwellings lacking one comfort element (WC, shower or bath, heating).

D) Accessibility variables (« log sum ») to jobs. The accessibility of one zone is the weighted sum of jobs located in all zones, weighted by a function of transport time, computed as:

$$A_i = \sum_j E_j \cdot \exp(-\lambda \cdot T_{ij})$$

Where

Log(A_i): accessibility to jobs of zone i by public transport;

E_j: number of jobs in zone j (source: regional job survey ERE 2001);

T_{ij}: public transport travel time between i and j (source: STIF);

λ: parameter (equals 0.27 from project SIMAURIF).

This accessibility variable is computed in three ways: in level before the T3 tramway operation (travel times 2005), in level after the T3 tramway operation (travel times 2008), with the same job structure, in variation induced by the T3 tramway computed as the difference between the two levels before and after. However some approximations were needed to get the 2005 travel times as there were not readily available, which may weaken the results attached to the accessibility gain variable.

Different processing of missing values were needed, including imputation by modelling, imputation by hierarchical hot-deck, or inclusion of an "unknown class" for class variables.

4.3. Study period and anticipation effects

If the real estate market were perfectly working, prices would immediately adjust after one property characteristic modification. So, if it were true, and if the public transport accessibility to jobs played a determinant role in property price forming in our study area, the T3 tramway induced accessibility modifications would entail an immediate price adjustment as soon the T3 tramway is put in operation. But the market does not perfectly function and immediate tramway effects may be nearly not existent, because household might have anticipated the tramway implementation and incorporate accessibility gains in sale prices before the tramway operation began.

Reversely, the accessibility gain value might have been incorporated in the prices only after operation began. McDonald & Osuji (1995), Boarnet & Chalermpong (2001), Smersh & Smith (2000), Yiu & Wong (2005), Deymier (2005), or else Boucq (2008), measure effects before or after the concerned infrastructure building. These authors all show the existence of anticipation effects, and sometime learning effects, but no consensus emerges about the number of years after which tramway effects continue. This may depend on the geographical area, the situation before tramway operation such as good public transport service or not, information provided to households on the project, or other not manageable elements. So we choose a wide enough analysis period to detect these possible anticipation or learning effects, taking into account data availability: 2002 to 2008, 5 years before operation and 2 years after (2008 was the last available year at the start of the study).

5. RESULTS

Three different models were performed:

- Model 1 is a hedonic model without taking into account the T3 tramway.
- Model 2 takes into account the T3 tramway by introducing distance between dwelling unit and T3 line as an additional explanatory variable.
- Model 3 takes into account the T3 tramway by introducing accessibility to jobs, in level before the tramway operation, and in variation induced by the tramway.

Several formulations were tested for each of these models, to best grasp the effect of the T3 tramway on housing prices. Only the most relevant formulation will be presented here.

5.1. Results of model 1 without taking into account tramway T3

In a first step, a Box-Cox specification for hedonic function $F(.)$ was tested. The Box-Cox parameter maximizing likelihood is close to zero. So, the logarithm form (log-log) was retained for the dependant variable, following methodology by Ahumada et al. (2007).

The estimated model is:

$$\ln(p) = X_1\beta_1 + X_2\beta_2 + \varepsilon$$

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Where p is housing price vector, X_1 intrinsic characteristics observation matrix, and X_2 extrinsic characteristics observation matrix. ε is an independent and identically distributed error term vector. Estimated coefficient vectors β_1 and β_2 are given in figure 1.

The logarithm specified model is estimated by the ordinary least squares method. Table 2 presents global tests statistics.

Table 2: global statistics of model 1c

Number of observations	161299
R2	0.8781
R2 adjusted	0.8779
Degrees of freedom	231
F	5021

Model 1c is globally very significant, and the share of explained variance is close to 88%. As in the literature, intrinsic variables, in particular the dwelling unit surface area, play a preponderant role on price determination. Transfer year and month also play an important role. As this variable is in the linear form in a logarithmic model, its effect is multiplicative, which allows taking into account the housing market inflation in price formation. Among extrinsic variables, municipality of neighbourhood plays an important role as well, and this variable captures other price determinants that are linked to the neighbourhood and that are not directly observable.

Intrinsic explanatory variables		Coefficient	Stand ard error	t-stat	Pr > t	Variation rate
Constant		8.477	0.031	274	<.0001	
	logarithm of surface area	0.994	0.001	759	<.0001	
	logarithm of surface area per room	-0.047	0.001	-39	<.0001	
	before 1969	-0.042	0.002	-21	<.0001	-4%
	1970-1980	-0.020	0.003	-7	<.0001	-2%
	1981-1991	0.016	0.004	4	<.0001	2%
	1992-2000	0.091	0.004	21	<.0001	10%
	2001-2008	0.241	0.003	72	<.0001	27%
	building period	unknown (reference)	0.000		-	
	basement or ground floor without lift	-0.066	0.006	-10	<.0001	-6%
	basement or ground floor with lift	-0.046	0.008	-6	<.0001	-4%
	first floor without lift	-0.022	0.006	-4	0.0003	-2%
	first floor with lift	-0.008	0.006	-1	0.1976	-1%
	2nd floor without lift	0.012	0.006	2	0.0563	1%
	2nd floor with lift	0.020	0.006	3	0.0025	2%
	3rd floor without lift	0.018	0.006	3	0.0034	2%
	3rd floor with lift	0.033	0.006	5	<.0001	3%
	4th floor without lift	0.021	0.006	3	0.0009	2%
	4th floor with lift	0.043	0.007	7	<.0001	4%
	5th floor without lift	0.030	0.006	5	<.0001	3%
	5th floor with lift	0.051	0.007	8	<.0001	5%
	6th floor without lift	0.014	0.007	2	0.0404	1%
	6th floor with lift	0.051	0.007	7	<.0001	5%
floor number	7th, 8th or 9th floor	0.043	0.006	7	<.0001	4%
crossed with lift	10th floor or above	-0.018	0.007	-2	0.0134	-2%
presence	unknown floor without lift	0.136	0.006	21	<.0001	15%
	unknown floor with lift (reference)	0.000		-		
	0	-0.180	0.004	-47	<.0001	-16%
	1	-0.062	0.004	-17	<.0001	-6%
number of garages	2 or more (reference)	0.000		-		

Transfer date variables		Coefficient	Stand ard error	t-stat	Pr > t	Variation rate
	avant 1970	-0.068	0.005	-13	<.0001	-7%
	1971-1980	-0.011	0.004	-3	0.0077	-1%
	1981-1990	0.013	0.004	3	0.0006	1%
	1991	0.032	0.006	6	<.0001	3%
	1992	0.042	0.006	7	<.0001	4%
	1993	0.048	0.005	9	<.0001	5%
	1994	0.049	0.005	10	<.0001	5%
	1995	0.045	0.005	8	<.0001	5%
	1996	0.053	0.005	11	<.0001	5%
	1997	0.053	0.005	11	<.0001	5%
	1998	0.058	0.005	13	<.0001	6%
	1999	0.062	0.004	14	<.0001	6%
	2000	0.064	0.004	15	<.0001	7%
	2001	0.063	0.004	15	<.0001	6%
	2002	0.041	0.004	10	<.0001	4%
	2003	0.022	0.004	5	<.0001	2%
	2004	0.026	0.004	6	<.0001	3%
	2005	0.039	0.004	9	<.0001	4%
	2006	0.008	0.005	2	0.1173	1%
	2007	-0.005	0.006	-1	0.4296	0%
previous transfer	2008	-0.029	0.008	-4	0.0002	-3%
year	unknown (reference)	0.000		-		

Extrinsic explanatory variables		Coefficient	Stand ard error	t-stat	Pr > t	Variation rate
	Percentage of natural area in block	0.012	0.006	2	0.043	
	Percentage of higher education degrees in IRIS	0.210	0.014	16	<.0001	
	Percentage of foreigners in IRIS population	-0.242	0.021	-12	<.0001	
	Percentage of households in IRIS where head is	0.383	0.030	13	<.0001	
	Percentage of households in IRIS where head is	0.205	0.035	6	<.0001	
	Percentage of hh. in IRIS where head is employee	0.066	0.015	4	<.0001	
	Percentage of hh. in IRIS where head is worker	-0.208	0.023	-9	<.0001	
	Percentage of persons aged 60 and over in IRIS	0.111	0.016	7	<.0001	
	MOS single family housing	0.055	0.004	14	<.0001	6%
	MOS multi family low rise row housing	0.020	0.003	8	<.0001	2%
	MOS multi family high rise detached housing	-0.025	0.002	-11	<.0001	-3%
	woods and forests	-0.016	0.002	-7	<.0001	
	gardens and parks	-0.004	0.001	-7	<.0001	
	sheltered sport facilities	0.007	0.001	6	<.0001	
	higher education	-0.009	0.001	-7	<.0001	
	hospitals	-0.004	0.001	-6	<.0001	
	cemeteries	0.011	0.001	10	<.0001	
	great cultural facilities	-0.025	0.001	-17	<.0001	
	habitat gardens	-0.002	0.001	-2	0.1076	
	all shopping facilities	0.005	0.001	5	<.0001	
	distance to ZAC urban development zone	0.008	0.001	12	<.0001	

Figure 1: coefficients and statistics of model 1 (model 1c)

Should any new light rail line provide real estate gains, or not? The case of Paris T3 line
PAPON, Francis; NGUYEN-LUONG, Dany; BOUCQ, Elise

Transfer date variables						Extrinsic explanatory variables					
	Coefficient	Stand and error	t-stat	Pr > t	Variation rate		Coefficient	Stand and error	t-stat	Pr > t	Variation rate
January 2002	-0.644	0.009	-68	<.0001	-47%	Alfortville	0.131	0.008	17	<.0001	14%
February 2002	-0.633	0.010	-65	<.0001	-47%	Arcueil	0.154	0.010	15	<.0001	17%
March 2002	-0.639	0.010	-67	<.0001	-47%	Bagneux	0.145	0.009	15	<.0001	16%
April 2002	-0.632	0.009	-67	<.0001	-47%	Boulogne-Billancourt	0.528	0.007	76	<.0001	70%
May 2002	-0.592	0.009	-63	<.0001	-45%	Bourg-la-Reine	0.214	0.023	9	<.0001	24%
June 2002	-0.597	0.009	-65	<.0001	-45%	Cachan	0.092	0.009	11	<.0001	10%
July 2002	-0.579	0.009	-65	<.0001	-44%	Charenton-le-Pont	0.389	0.009	42	<.0001	48%
August 2002	-0.562	0.010	-55	<.0001	-43%	Châtillon	0.253	0.007	34	<.0001	29%
September 2002	-0.563	0.009	-62	<.0001	-43%	Clamart	0.272	0.008	33	<.0001	31%
October 2002	-0.566	0.009	-60	<.0001	-43%	Fontenay-aux-Roses	0.227	0.020	11	<.0001	26%
November 2002	-0.555	0.010	-54	<.0001	-43%	Gentilly	0.226	0.011	21	<.0001	25%
December 2002	-0.543	0.009	-58	<.0001	-42%	Haj-les-Roses (L)	0.065	0.047	1	0.1661	7%
January 2003	-0.523	0.010	-55	<.0001	-41%	Issy-les-Moulineaux	0.421	0.007	58	<.0001	52%
February 2003	-0.528	0.010	-55	<.0001	-41%	Ivry-sur-Seine	0.136	0.007	20	<.0001	15%
March 2003	-0.514	0.010	-54	<.0001	-40%	Kremlin-Bicêtre (Le)	0.210	0.009	23	<.0001	23%
April 2003	-0.512	0.009	-55	<.0001	-40%	Maisons-Alfort	0.183	0.015	12	<.0001	20%
May 2003	-0.497	0.010	-51	<.0001	-39%	Malakoff	0.387	0.008	46	<.0001	47%
June 2003	-0.473	0.009	-52	<.0001	-38%	Meudon	0.316	0.009	36	<.0001	37%
July 2003	-0.464	0.009	-53	<.0001	-37%	Montrouge	0.405	0.007	58	<.0001	50%
August 2003	-0.441	0.010	-42	<.0001	-36%	Paris01Q1	1.390	0.055	25	<.0001	302%
September 2003	-0.438	0.009	-49	<.0001	-35%	Paris03Q2	0.927	0.089	10	<.0001	153%
October 2003	-0.439	0.009	-47	<.0001	-36%	Paris03Q3	0.911	0.023	40	<.0001	149%
November 2003	-0.433	0.010	-43	<.0001	-35%	Paris04Q1	1.363	0.153	9	<.0001	291%
December 2003	-0.407	0.009	-44	<.0001	-33%	Paris04Q2	0.844	0.014	62	<.0001	133%
January 2004	-0.384	0.009	-41	<.0001	-32%	Paris04Q3	0.859	0.012	73	<.0001	136%
February 2004	-0.401	0.010	-42	<.0001	-33%	Paris04Q4	1.166	0.016	75	<.0001	221%
March 2004	-0.391	0.009	-42	<.0001	-32%	Paris05Q1	0.875	0.011	77	<.0001	140%
April 2004	-0.370	0.009	-39	<.0001	-31%	Paris05Q2	0.794	0.011	71	<.0001	121%
May 2004	-0.359	0.009	-38	<.0001	-30%	Paris05Q3	0.891	0.011	83	<.0001	144%
June 2004	-0.343	0.009	-39	<.0001	-29%	Paris05Q4	0.939	0.013	73	<.0001	156%
July 2004	-0.328	0.009	-38	<.0001	-28%	Paris06Q1	1.055	0.012	86	<.0001	187%
August 2004	-0.306	0.010	-30	<.0001	-26%	Paris06Q2	1.047	0.012	85	<.0001	185%
September 2004	-0.309	0.009	-35	<.0001	-27%	Paris06Q3	0.968	0.010	94	<.0001	163%
October 2004	-0.301	0.009	-33	<.0001	-26%	Paris06Q4	1.128	0.015	74	<.0001	209%
November 2004	-0.276	0.010	-28	<.0001	-24%	Paris07Q1	1.094	0.012	93	<.0001	199%
December 2004	-0.288	0.009	-32	<.0001	-25%	Paris07Q2	1.067	0.013	80	<.0001	191%
January 2005	-0.274	0.009	-30	<.0001	-24%	Paris07Q3	0.924	0.011	83	<.0001	152%
February 2005	-0.267	0.009	-29	<.0001	-23%	Paris07Q4	0.916	0.010	91	<.0001	150%
March 2005	-0.260	0.009	-28	<.0001	-23%	Paris08Q1	1.096	0.017	63	<.0001	199%
April 2005	-0.245	0.009	-26	<.0001	-22%	Paris08Q4	0.832	0.133	6	<.0001	130%
May 2005	-0.235	0.009	-26	<.0001	-21%	Paris11Q2	0.665	0.019	35	<.0001	94%
June 2005	-0.217	0.009	-25	<.0001	-20%	Paris11Q3	0.668	0.009	75	<.0001	95%
July 2005	-0.198	0.009	-23	<.0001	-18%	Paris11Q4	0.645	0.008	84	<.0001	91%
August 2005	-0.177	0.010	-18	<.0001	-16%	Paris12Q1	0.570	0.009	60	<.0001	77%
September 2005	-0.166	0.009	-19	<.0001	-15%	Paris12Q2	0.623	0.008	79	<.0001	86%
October 2005	-0.163	0.009	-17	<.0001	-15%	Paris12Q3	0.586	0.011	52	<.0001	80%
November 2005	-0.160	0.009	-17	<.0001	-15%	Paris12Q4	0.653	0.009	77	<.0001	92%
December 2005	-0.159	0.009	-18	<.0001	-15%	Paris13Q1	0.610	0.011	58	<.0001	84%
January 2006	-0.143	0.009	-15	<.0001	-13%	Paris13Q2	0.490	0.009	55	<.0001	63%
February 2006	-0.137	0.009	-14	<.0001	-13%	Paris13Q3	0.585	0.008	78	<.0001	80%
March 2006	-0.139	0.009	-15	<.0001	-13%	Paris13Q4	0.702	0.010	71	<.0001	102%
April 2006	-0.139	0.009	-15	<.0001	-13%	Paris14Q1	0.857	0.010	83	<.0001	136%
May 2006	-0.119	0.009	-13	<.0001	-11%	Paris14Q2	0.719	0.010	74	<.0001	105%
June 2006	-0.114	0.009	-13	<.0001	-11%	Paris14Q3	0.707	0.008	87	<.0001	103%
July 2006	-0.088	0.009	-10	<.0001	-8%	Paris14Q4	0.690	0.008	84	<.0001	99%
August 2006	-0.064	0.010	-6	<.0001	-6%	Paris15Q1	0.698	0.008	87	<.0001	101%
September 2006	-0.086	0.009	-9	<.0001	-8%	Paris15Q2	0.737	0.009	81	<.0001	109%
October 2006	-0.076	0.009	-8	<.0001	-7%	Paris15Q3	0.767	0.009	88	<.0001	115%
November 2006	-0.065	0.010	-6	<.0001	-6%	Paris15Q4	0.742	0.008	90	<.0001	110%
December 2006	-0.078	0.009	-9	<.0001	-7%	Paris16Q1	0.730	0.008	88	<.0001	108%
January 2007	-0.067	0.009	-7	<.0001	-7%	Paris16Q2	0.817	0.009	88	<.0001	126%
February 2007	-0.058	0.010	-6	<.0001	-6%	Paris16Q3	0.817	0.010	80	<.0001	126%
March 2007	-0.049	0.009	-5	<.0001	-5%	Paris16Q4	0.856	0.010	83	<.0001	135%
April 2007	-0.048	0.010	-5	<.0001	-5%	Paris20Q4	0.590	0.017	35	<.0001	80%
May 2007	-0.039	0.009	-4	<.0001	-4%	Saint-Cloud	0.346	0.011	31	<.0001	41%
June 2007	-0.029	0.009	-3	0.0013	-3%	Saint-Mandé	0.473	0.014	34	<.0001	60%
July 2007	-0.031	0.009	-4	0.0004	-3%	Saint-Maurice	0.368	0.014	27	<.0001	44%
August 2007	-0.035	0.010	-3	0.0005	-3%	Sèvres	0.216	0.019	11	<.0001	24%
September 2007	-0.017	0.009	-2	0.0577	-2%	Vanves	0.362	0.008	43	<.0001	44%
October 2007	-0.011	0.009	-1	0.2446	-1%	Villejuif	0.116	0.007	17	<.0001	12%
November 2007	-0.006	0.010	-1	0.5682	-1%	Paris neighbourhood or municipality	0.000	.	.	.	.
December 2007	-0.002	0.009	0	0.8072	0%	avenue	0.015	0.005	3	0.0048	2%
January 2008	0.012	0.009	1	0.2038	1%	boulevard	0.001	0.006	0	0.7961	0%
February 2008	0.006	0.010	1	0.5092	1%	passage, place, quai	0.019	0.006	3	0.004	2%
March 2008	0.010	0.010	1	0.2957	1%	rue	0.008	0.005	1	0.1476	1%
April 2008	0.017	0.010	2	0.0665	2%	square, villa, voie, route	0.026	0.007	4	0.0003	3%
May 2008	0.023	0.010	2	0.0202	2%	other (reference)	0.000	.	.	.	.
June 2008	0.031	0.009	3	0.001	3%	logarithme of distance to St Lazare station	.	.	.	.	.
July 2008	0.037	0.009	4	<.0001	4%	address on boulevard des Maréchaux	-0.085	0.010	-9	<.0001	-8%
August 2008	0.037	0.011	3	0.0008	4%	distance to	0.028	0.017	2	0.0975	3%
September 2008	0.037	0.009	4	<.0001	4%	Olympiades station	0.024	0.032	1	0.4492	2%
October 2008	0.029	0.010	3	0.0026	3%	and transfer	0.043	0.013	3	0.0009	4%
November 2008	0.007	0.011	1	0.5432	1%	before/after	0.084	0.022	4	0.0002	9%
December 2008 (reference)	0.000	.	.	.	.	Olympiades	0.000	.	.	.	.
transfer year and month											

Figure 1: coefficients and statistics of model 1 (model 1c) (continued)

The effects of explanatory variables on housing prices are not surprising, and support the empirical literature (e.g. Cavaillès (2005), Gravel et al. (2002), Özdilek et al. (2002), Cornuel et al. (2003), Bowes & Ihlanfeldt (2001), Boucq (2008)).

Let's interpret the results by variable category.

Intrinsic variables

Housing price increases with the dwelling unit surface area, in a quasi-proportional way (estimated elasticity 0.994 ± 0.001 , the significant small gap with one gives a premium to small flats). The number of rooms was not included in the model, as it is strongly correlated with surface area (linear correlation coefficient 0.86), and the most significant variable of the two was retained. However, another variable, built from the previous two, was added: average surface by room, not too much correlated with surface area (linear correlation coefficient 0.23). Marchand & Skhiri (1995) also had a similar specification by retaining the number of rooms and the surface area per room. In the retained model, this variable plays a significant and negative role on the dwelling price determination. Thus, everything else being equal, in particular surface area, housing price decreases with average surface area per room, which means that it increases with the number of rooms, for a given surface area. Both effects may reflect the shortage of dwellings in Paris, which makes households search for smaller flats with the needed number of bedrooms.

Housing price decreases with remoter building period. As compared with dwellings with missing building period, the variation rate induced by a building before 1980 is negative but small (-4% before 1969, -2% for 1970-1980); it is positive and small for period 1981-1991 (+1.5%), and then increases rather strongly for period 1992-2000 (+9.5%) and very strongly for period after 2001 (+27%). This reflects the better standards of the most recent buildings.

These results are consistent with those by Cavaillès (2005), who estimates a hedonic model for rents in 1996, whole of France, Paris, and each urban area size. In Paris, the highest rents are obtained for the building period after 1989, followed by 1982-1989. In their model, Marchand & Skhiri (1995) introduce building age, in a continuous form, by means of a quadratic function. They get a negative parameter for building age and a positive one for squared building age: the negative effect of building age is decreasing, which is consistent with our results.

The effect of a lift on flat prices varies according to the floor level. So the floor variable was crossed with the dummy lift for flats up to 6th floor. Beyond, the number of dwellings without lift is too small to get robust results. Lift is systematically valued (figure 2) and prices increase with floor level up to the fifth floor without lift, and up to the sixth floor with a lift. Then price decreases with floor level, particularly for flats located on the 10th floor or above. Higher flats get more daylight, but high-rise buildings are less appreciated in Paris.

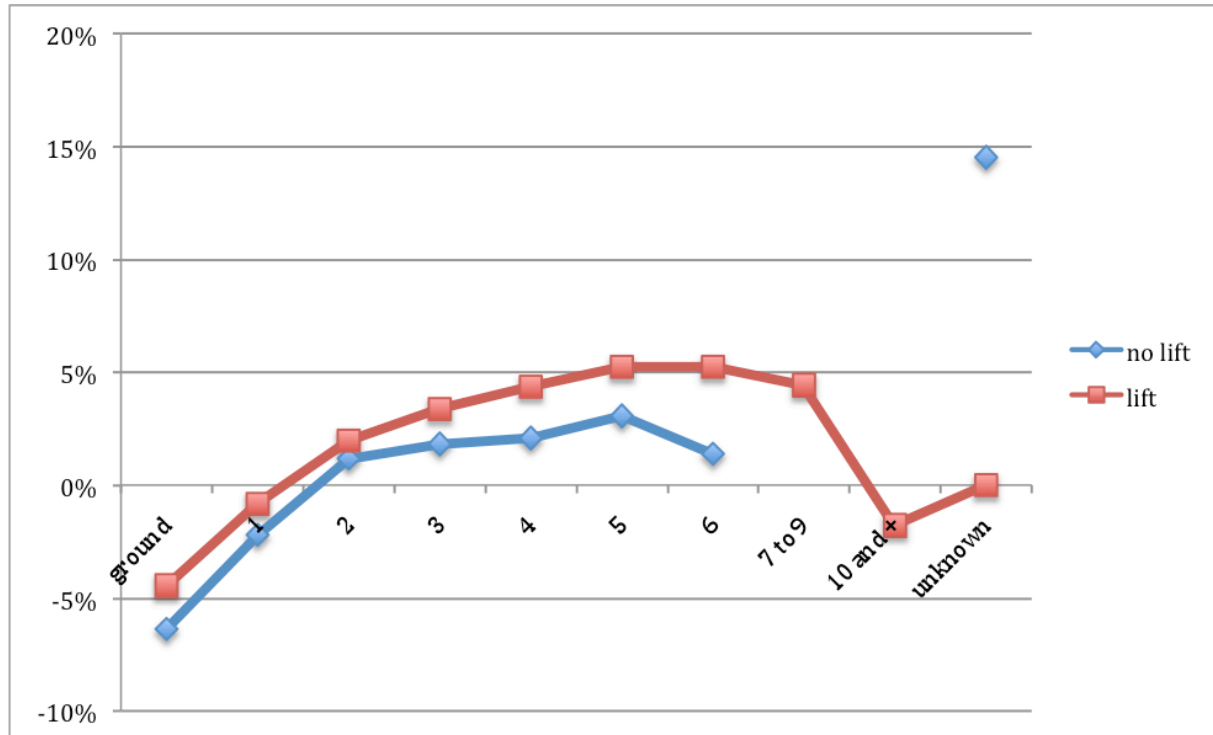


Figure 2: percentage change according to floor level and lift (model 1c, reference: with lift, floor unknown)

A last, the dwelling price increases with the number of garages: compared to dwellings with two garages or more, the variation rate induced by the lack of garage is -16.5%, and -6% for dwellings with only one garage.

Variables relative to transfer dates

Figure 3 represents the variation rate induced by transfer month and year, compared with December 2008. Price is all the higher as transaction is more recent, but for the last three months of 2008 when a slight decrease is observed. The variation rate increases rather steadily between January 2002 and July 2008, from -47% to +3,8%. Then follow three plateau months, then a decrease.

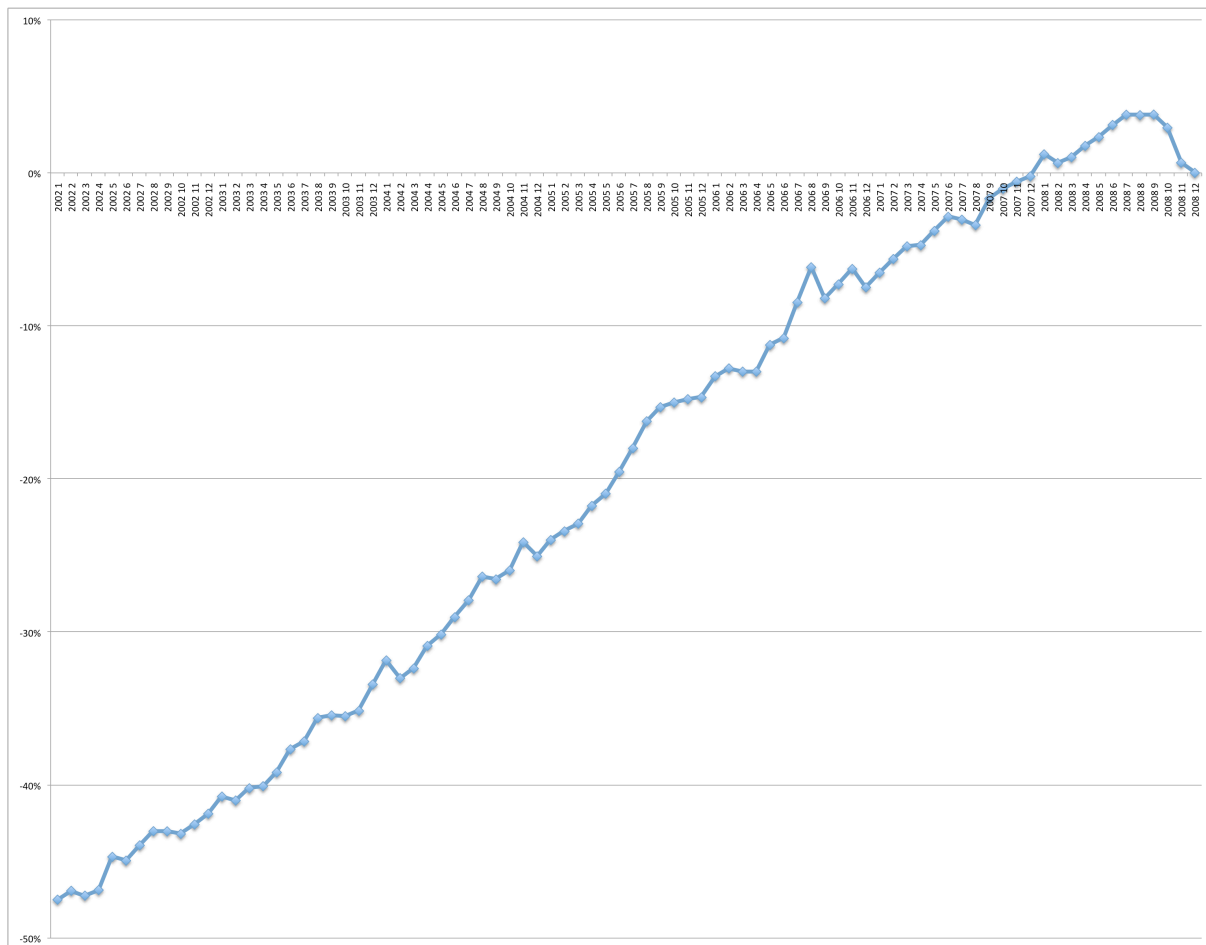


Figure 3: variation rate induced by transfer month and year (model 1c, reference: December 2008)

The dwelling price also varies according to the previous transfer year, but with a weaker range than that induced by the current transfer year. Until 2001, the more recent the previous transfer is, the highest the price is. The trend is reversed from 2002: price is all the lowest as previous transfer is recent, but for a small peak in 2005.

Extrinsic variables

Neighbourhood (in Paris) or municipality plays an important role in real estate price determination. Variation rates induced by the sold unit geographical location strongly vary from one neighbourhood or one municipality to another: rates range from 0% for reference Vitry-sur-Seine to 300%. Paris is systematically more valued than other municipalities, and in Paris some neighbourhoods are more valued than others, in particular neighbourhood Saint-Germain-l'Auxerrois (1st neighbourhood in 1st *arrondissement*), neighbourhood Saint-Merri (1st neighbourhood in 4th *arrondissement*), neighbourhood Notre-Dame (4th neighbourhood in 4th *arrondissement*), and neighbourhood Saint-Germain-des-Prés (4th neighbourhood in 6th *arrondissement*), with a variation rate above 200%.

As in Glachant et al. (2008), street type also impacts prices, but for more robustness some items with small sample size and similar price effects were grouped together. Among street types with large sample size, avenues, which represent 16% of transactions, are the most

valued. Boulevards, with 7% of transactions, are the less valued, in particular *boulevard des Maréchaux* (8% of addresses are located on a boulevard).

As far as land use variables are concerned: real estate prices are higher for properties located in a single-family housing or multi-family low-rise row-housing polygon, and lower for those located in a multi-family high-rise detached housing one. Moreover, housing price increases with proximity to some green space: woods and forests, gardens and parks, and habitat gardens. Price also increases with proximity to some local public facilities such as hospitals, higher education institutions and great cultural facilities, which confirms the local public goods capitalization hypothesis by Tiebout (1956). Reversely, price increases with the remoteness to cemeteries, sheltered sport facilities, ZAC urban development zone and all shopping facilities. This last point can look surprising, but it was already present in Boucq (2008) and could be explained by the fact that shopping facilities are often located in undesirable or unfavoured areas.

Proximity in a 200 meters radius to Olympiades metro station has no effect on dwelling prices before or after the station opening in end of June 2007. On the contrary, in a 200-400 meters ring around the station, housing price was significantly higher before station opening (by some 4,5%), and this price difference doubled after the station opening. But the before/after difference is not significant at the 95% threshold.

As far as the IRIS population zone characteristics are concerned, those with a high proportion of high social category (retailers, craftsmen, or business manager), higher education degrees, unemployed, persons aged over 60, are more valued. Reversely, zones with a high share of foreigners, or workers, are less valued.

Finally, housing price is higher in blocks with natural space.

5.2. Results of model 2 taking into account tramway T3 with distance

When distance to the T3 tramway is introduced in the previous model, the distance to the line is more significant than that to the nearest T3 station and is retained. As the effect of the distance on prices is not continuous, distance is introduced as a class variable. The intervals must be short enough for accuracy, but not too much out of sample size concerns. Distance is oriented by making the distinction of which side of the line the dwelling unit is located. As this oriented distance to the T3 line is highly correlated to the distance to the centre of Paris, which strongly impact prices within each neighbourhood, the distance to the centre of Paris is also introduced in the model (the best centre used is the one with the most significant effect among several tested: gare St Lazare). The oriented distance to the T3 line is then crossed with the transaction date dummy before/after T3 operation.

Model 2 results show identical coefficients (within confidence intervals bounds) as model 1 for intrinsic variables, transfer year variables, and some extrinsic variables. Most model neighbourhood variable coefficients, coefficients for street type and distance to Olympiades and some of other extrinsic variables are slightly but significantly reduced in model 2 with

accessibility because of the introduction of the distance to Paris centre variable that captures a part of the location effect. However, the sign of the coefficients do not change.

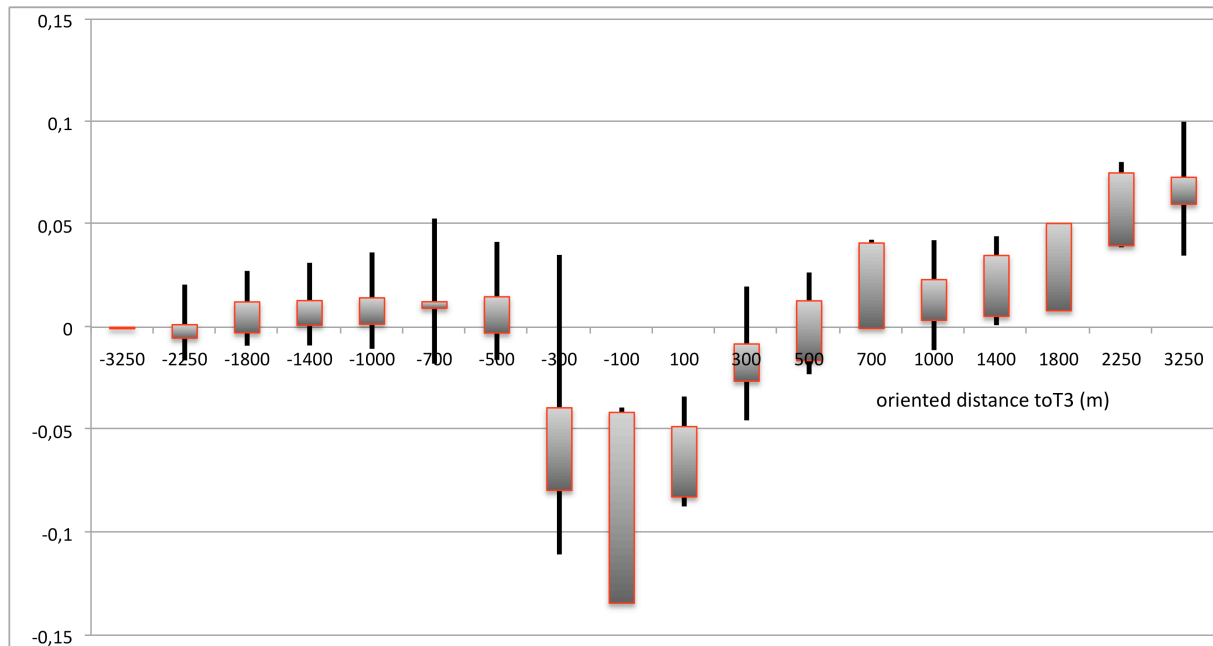


Figure 4: confidence bars at 95% level of parameters of oriented distance classes to the T3 line, before and after operation (model 2.3c, reference: over 2500 metres South)

Figure 4 reads as follows: the confidence bar before operation is the black bar emerging at the bottom of the rectangle; the confidence bar after operation is the black bar emerging at the top of the rectangle; if the rectangle is white, the after bar is significantly above the before bar; if the rectangle is black, both bars overlap in the rectangle.

The parameters of oriented distance classes are slightly higher after operation as compared to before operation for nearly all distance classes, but that below 200 metres South of the line. Apart for this class, the gap is higher in the South. However, if the model error margin is taken into account, no gap is significant at the 95% threshold (figure 4).

5.3. Results of model 3 taking into account tramway T3 accessibility gains

Accessibility to jobs (in logarithm) is introduced in the model, as well as accessibility gains induced by T3 operation (also in logarithm), crossed with transaction year to take into account anticipation or learning effects. Moreover, distance to T3 is introduced in four classes (less than 200 metres and 200 to 400 metres crossed with North and South), which are also crossed with the dummy transaction before/after T3 operation.

Except for new variables, coefficients for model 3 variables are identical (within confidence intervals bounds) to those of model 2. Models 2 and 3 give similar coefficients for oriented distance to T3 crossed with before/after.

Accessibility gains get a significant negative but small effect only in 2002 and 2005 (figure 5).

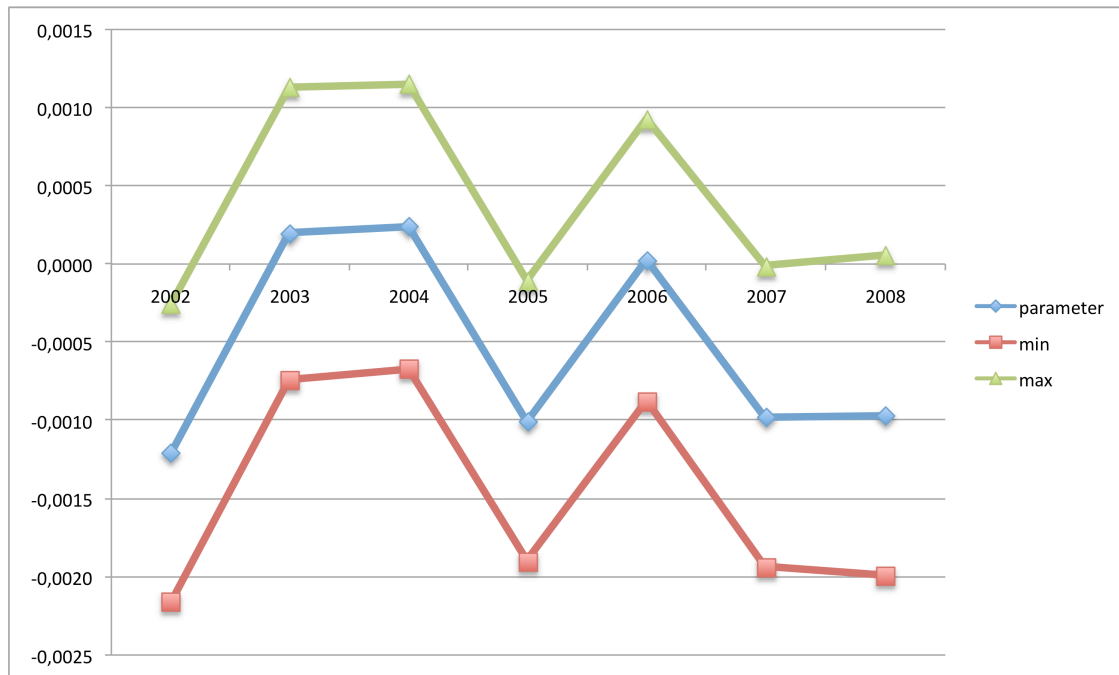


Figure 5: elasticity of dwelling prices to T3 accessibility gains, according to transaction year, and confidence interval at the 95% level.

5.4. Estimation of real estate gains

A price increase by 5% was observed in the 200 to 400 metres strip south of the T3 line after its operation began, and by a lower rate beyond, but this increase is not significantly different from zero. On the contrary, a weak significant negative effect of the T3 accessibility gain was detected in 2002, 2005 and 2007, but it is difficult to attribute it to the T3 with certainty.

Thus, it is not possible to compute real estate gains or losses brought by the T3 that would be statistically significant and reliable as regards their causality. However, the most comprehensive and accurately located data were used for all transactions passed in a 4000 meters radius from the T3 from 2002 to 2008; no better data could have been used. It can be concluded that it is not possible to detect any effect of the operation of the T3 tramway on the dwelling values.

6. CONCLUSIONS/IMPLICATIONS

At the end of this study, three main conclusions can be cleared.

First, from a methodological point of view, the study implemented state of the art data and statistical methods. Methodological data weaknesses, often pointed out in the literature, were corrected and cannot be used to explain inaccurate or uncertain outcomes, but for one variable (the public transport accessibility gain to jobs) that was computed with a complex but approximate manner due to a missing piece of data. Hedonic modelling is a powerful

statistical method, but must be handled with rigour by skilled econometrists. It consisted in testing some fifteen explanatory models in a log-log functional form by incrementally introducing regressors and avoiding statistical biases from spatial autocorrelation and multicollinearity. Some fifty variables, not counting crossed variables, were taken into account. They can be classified into four categories: intrinsic variables, extrinsic non-transport variables, transfer date variables, and accessibility variables.

Hedonic modelling is essential to quantify the specific effects of a new infrastructure on real estate prices, and its use gets a consensus in the scientific community. However, it is important to beforehand carry out a descriptive space-time and cartographic descriptive analysis of geo-located data, which is not always done in such studies, and to pass in parallel a qualitative survey to real estate agents who detain a thorough knowledge of the local context and of the demand evolution before/after infrastructure operation. Thus, descriptive analysis, econometric analysis and qualitative analysis are additional approaches.

Then, from the point of view of the study statistical results, the retained econometric models are very significant, with some 88% of variance explained. They evidence the main determinants: dwelling surface area, economic trend and neighbourhood. They also set the role of many other intrinsic and extrinsic characteristics of the sold unit. The share of intrinsic variables amounts to about three quarters of the price. These results are robust and parameters vary little if the model specifications are changed.

As far as transport variables are concerned, including distance to the T3 tramway route, models clearly show depreciation next to the route (some 5% less than 200 metres North et 400 metres South). But the existence of this depreciation does not mean that the cause is the T3, given the historical image of the area. Besides, the observed ceteris paribus price evolutions after the T3 operation in different stripes along the route are not significant, though they are positive from 200 meters South of the line (+5% 200 to 400 metres, +3% 600 to 800 metres), in spite of the real estate crisis that struck more suburban areas than Paris.

As regards the T3 induced accessibility gain, it looks correlated with a weak and significant loss in 2002, 2005 and 2007, or after operation compared with before operation, in the order of magnitude of one thousandth of the value of the concerned dwellings. But it is unlikely that those losses be due to the anticipation of accessibility variation brought by the tramway, or to a relative disappointment about its quality of service after its operation. Other effects may have been captured by this variable, such as the hindrance from the works before the tramway operation, or the decrease in road traffic fluidity during the works and after operation. Anyway, the tramway time gain compared with the previous PC1 bus service is low (less than 4 minutes from one end to another), and it is consistent with other studies selected from the literature not to observe in this case any sensitive effect on prices. Finally, the outcome is that no significant effect of the T3 tramway operation on real estate prices was proven.

Nevertheless, it could have been expected that the environment and landscape improvement would have brought a gain in the vicinity of the line. But this was not observed in 2007 and 2008, two years only after the T3 began operation. Maybe it is due to a difficult real estate situation, and the following years may show an increase in the area attractiveness. But a new evaluation will be needed to know it.

These results are consistent to the recent cost-benefit analysis of the T3 tramway (Prud'homme et al., 2011) finding that the new line produced a net loss for travellers, as increase in road congestion offsets timesavings to public transport users. In fact, tramway users' timesavings were lower than expected, and difficult to compute, and the decrease of road accessibility (not included in this research models) may also have played a role in the lack of effect of T3 operation on real estate prices.

Finally, concerning the general problematic of the impact of a new infrastructure on residential real estate prices, the synthesis of five studies conducted in Île-de-France since 2006 can now forge an opinion answering the recurrent question of the real estate gain induced by public transport. Thus, eight factors were found intervening to change the effects of a new infrastructure on residential real estate prices:

1. New infrastructure type: heavy (metro, RER), light (tramway, bus in dedicated lane);
2. Existence of previous transport supply and level of service of this previous supply;
3. Distances from dwelling to stops (station) and to line;
4. Distinction flat / house (especially on the periphery);
5. Local context (area image and history, social typology, density, dynamism);
6. Lay-out refurbishing during infrastructure construction;
7. General real estate situation trend;
8. Period taken into account before (anticipation) and after (learning effect) operation (short, medium or long term time effects).

The existence of a likely more or less significant real estate gain depends on the crossing of these eight factors. For example, in the case of the T3 as well as the one of the T1 where accessibility gains are low compared with previous situation, the serviced area not thriving and suffering a downgraded image, we proved that there was no significant impact on real estate price two years on, particularly as it occurred during a real estate crisis period. The lay-out refurbishing was not sufficient to change the boulevards image, and many more years will be needed to observe an urban renewal in the area next to the T3. Conversely, at the same time, the extension of the M14 metro line to Olympiades station generated dwelling price increases near the station as compared with not serviced control areas as anticipation and just after the station operation began. In the case of the T2 that serves a corridor with no previous relevant service, even without any particular urban renewal program, there was a real accessibility gain that on its own induced real estate gains in thriving municipalities. In the case of green/quiet neighbourhoods in Paris, it is the environmental gain that triggered slight real estate gains, independently from any accessibility gain or loss dimension. But as in the case of the vicinity of the RER E stations, discrepancies on these gains are large, since each neighbourhood constitutes a specific real estate market the evolution of which strongly depends on the local context.

However, three invariants are evidenced in those five studies: if real estate gains show up, they differ according to dwelling type (flat/house), they are not induced in the immediate proximity of stations, but beyond 200 metres on average whatever the kind of infrastructure, and it is higher for a heavy mode than for a light mode.

This study finally supports the idea that the recovery of real estate gains cannot be applied in an authoritarian and uniform manner in a pre-designated area around all public transport project stations. All landowner near a new station would be entitled to legally dispute the payment of an additional fixed tax. He/she just needs to request the government to prove that his/her property actually benefited from real estate gains, when scientific studies do not converge on the topic and our conclusions discuss the modulation of the real estate gains according to the aforementioned eight factors. Indeed, the Grand Paris public transport network changed its mind about it. At the very beginning (2008), it forecast to fund itself in significant proportions and in the long run through land and real estate valuation in a 1500 metres radius around new stations. Finally, after the public debate in January 2011, this potential financial source just disappeared from the project-funding scheme. Surely, it was considered as too random and uncertain, thus not likely to be secured. The recognition of scientific studies in this field finally won over system mindset.

At last, it seems necessary to set the means for a genuine suited and designed data collection process of before/after situations, over several years, each time a new transport infrastructure is built, for example by creating specific observatories, if new infrastructure effects on real estate prices are to be actually measured, by making the distinction between pure accessibility gains benefits, and those induced by the urban refurbishing provided with the line creation.

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