

Title: The demand for urban green space, welfare effects and their sensitivity to the specification of the good

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Abstract

We present willingness to pay measures for green space in central Copenhagen using a three-stage hedonic house price estimation procedure. To measure the welfare effects we need a well-founded demand schedule. We pick the functional form approach, where we place identifying restrictions on the utility function, which enables estimation. We find a relative high idiosyncratic preference structure. Classical socio-economic variables such as wealth, income, age and children in the household only explain a small percentage of the estimated willingness to pay distribution. We furthermore find that the measure which define the relationship between green space and property price in the hedonic model have important implications for the welfare interpretation of different scenarios where Copenhagen gains an additional park. The approach in this study outlines a viable path for future studies which are concerned with the estimation of the demand schedule for public goods using the hedonic house price framework. The findings in this study stresses the importance of how public goods are defined in the hedonic house price model as it can have far reaching implications in the welfare interpretations of the goods.