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The Value of Subway after Chinese Cities' Restrictions in Driving and Car Purchasing: Evidence from Beijing

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Abstract:

In order to reduce traffic congestion and air pollution, more and more Chinese cities are taking policy to restrict driving and car purchasing in urban area. This paper aims to find the effect of these policies on the premium of subways in housing prices and rents. Firstly, subways' premium are becoming higher after the implement of driving or purchasing restriction, this article quantitatively test the changes. Secondly, changes in subways' premium are different between housing prices and rents, and also different among houses in different locations. This article will test how and why the changes in subways' premium are presenting the above differences. Specifically, we find the restrictions urge people to change their tenure choice and residential choice. People may prefer houses with better accessibility to subways more after the restrictions, and delay their housing purchase. Besides, we test the changes in accessibilities for different locations to explain the spatial differences in premium changes.