



Master Thesis

Analysis of housing prices and the EU Emissions Trading System

Housing prices and rents differ significantly across Europe. Demand and supply for housing are affected by different factors such as household income, unemployment levels, and mortgage rates. Since the start of the EU Emission Trading System (EU ETS) a limit on greenhouse gas emissions is set by introducing a cap on the number of emission allowances. During the initial phases of the EU ETS (2005-2013), the cap on emission allowances was very close to the actual emissions in the EU. However, this cap was lowered later, resulting in pushing up the emissions allowances prices, as well as, reflecting stricter environmental regulations. Tighter environmental regulations should enhance environmental attributes. Nevertheless, the higher ETS prices may have a direct and/or indirect impact on the housing market. The purpose of the thesis is to analyze how the changes that took place in the EU ETS affected the housing market. This can be done by reviewing the current determinants affecting housing prices, as well as existing approaches to empirically estimating such determinants. Then, investigate the effect of the ETS on the housing market.

Key tasks and objectives of the thesis

- Familiarization with the theoretical and empirical literature on the ETS and the determinants of housing prices
- Searching for data for one or more EU countries over several years (i.e. as available [here](#) and looking for other sources)
- Data analysis and evaluation of housing and EU ETS prices
- Develop a model on the determinants of housing prices including the impact of EU ETS

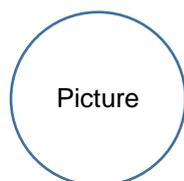
Your profile

- Study of economics, best with a focus on energy and econometrics
- Interest in topics on the EU ETS

Literature

- Zhang, Y., Hua, X., & Zhao, L. (2012). Exploring determinants of housing prices: A case study of Chinese experience in 1999–2010. *Economic modelling*, 29(6), 2349-2361.
- Von Graevenitz, K., Römer, D., & Rohlfs, A. (2018). The effect of emission information on housing prices: Quasi-experimental evidence from the European pollutant release and transfer register. *Environmental and resource economics*, 69(1), 23-74.
- Bauer, T. K., Braun, S. T., & Kvasnicka, M. (2017). Nuclear power plant closures and local housing values: Evidence from Fukushima and the German housing market. *Journal of Urban Economics*, 99, 94-106.
- Harrison, D., T. Smersh, G., & Schwartz, A. (2001). Environmental determinants of housing prices: the impact of flood zone status. *Journal of Real Estate Research*, 21(1-2), 3-20.

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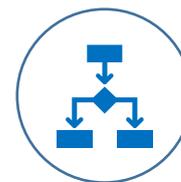
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Topics



- Housing market
- EU ETS

Methods



- Literature Review
- Regression Analysis
- Time Series Analysis