Review of: "The Residential Property Price Impact of Luas Investments"

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Potential competing interests: No potential competing interests to declare.

The research on the effect of rail transport infrastructure on property prices is of interest for at least three reasons. First, a proper account for the hedonic effects allows for a more precise estimation of the real estate prices. Second, it is important for the assessment of agglomeration effects. Third, it helps to develop an efficient urban infrastructure. The research on the Luas light-rail network in Dublin (Ireland) meets standard requirements for an informative empirical study.

The literature review is quite comprehensive. There is reference to basic assumptions of a hedonic model of house prices, as formulated in a seminal paper by Rosen (1974). Potential difficulties in the estimation of hedonic effects, such as an excessive number of free parameters, choice of the functional form of the hedonic price index, accounting for the spatial effects, or land valuation, are mentioned. Several studies on the real estate prices in Dublin are reviewed, providing with an informative view of the developments in the research area. Alternative approaches for estimation of the effect of transport infrastructure on residential property prices are considered.

The dataset is representative, containing information from the register of Building Energy Ratings (BER), the Daft Inc. proprietary database and the Irish Property Price Register. Necessary procedures of conversion used in the study seem to be adequate. As for using the pricing model residuals rather than the raw sales prices for the estimation of hedonic model, it is quite reasonable in the modelling context. However, it is not clear why it was not possible to deflate housing prices with the CPI, instead of using the dummy variables. Anyway, a comparison between the results obtained by two different methods of accounting for the time trend would be useful in the context of sensitivity analysis.