

# The impact of school test scores on housing rent

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## Abstract

School choice systems have been introduced in several local autonomies in Japan. The Education Rebuilding Council was established last year, and inhabitants of these localities have shown rising concern over high-quality education. It would be useful to inspect whether school test scores influence neighborhood rents. In this study, I analyzed the influence of test scores on rents using test score data for Adachi-City, Tokyo and the hedonic function. I also used instrument variables and propensity score matching method, because test scores are endogenous. As a result, I conclude that high test scores bring about high housing rents as shown in earlier studies in Europe and the U.S. I also show that the coefficient of the test score in 2007, when the school choice system was introduced and all inhabitants of Adachi-City had an opportunity for a good education, was about 2 times higher than that in 2005 before the school choice system was introduced.