



Universität
Basel

Research Project

The effect of flood events on land and housing value: Evidence from the Swiss housing market

Project funded by own resources

Project title The effect of flood events on land and housing value: Evidence from the Swiss housing market

Principal Investigator(s) [Hintermann, Beat](#) ;

Project Members [Armbruster, Stephanie](#) ;

Organisation / Research unit

Departement Wirtschaftswissenschaften / Public Economics / Public Finance (Hintermann)

Project start 01.06.2017

Probable end 31.12.2023

Status Completed

We investigate the effect of multiple flood events on property prices in Zurich canton of Switzerland. By merging property transaction data with records from universal and mandatory building insurance, we are able to identify the effect of the informational content of floods separately from the damage caused. Our rich data allows us to control for a wide range of housing characteristics, thus reducing the bias from unobserved heterogeneity that routinely plagues hedonic regressions. We find that houses located in flood hazard zones sell at a discount relative to houses located outside, despite the presence of mandatory insurance that covers most (but not all) costs. Providing flood hazard information increases the value of houses that are assigned a low risk. Last, we look at the effect of floods on property prices and find that in the aftermath of flood events, properties that narrowly escaped damage were sold at a significant discount relative to houses located out of harm's way. This pure information effect decays shortly.

Financed by

University funds

Add publication

Add documents

Specify cooperation partners