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## NEWSLETTER

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# Will the Nine-year Admission System Lead to the Increase of School District Housing Price?

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IN recent years, people have been pursuing “sky-high school district housing”, and the price of school district housing continue to soar. The nine-year admission system is an effort to reduce the pressure of school choice, so as to promote the high-quality and balanced development of compulsory education. However, will this admission system directly affect the price of the related houses, and continue to pull up the housing prices of certain primary school housing districts if it is combined with a high quality junior high school? This article published in *Education & Economy* taking Dongcheng District in Beijing as an example, used the difference-in-differences model (DID) to explore this issue:

- Setting the various communities within the seven schools affected by the admission system as the “treatment group”, and other communities in the same district as the “control group”. In order to confirm whether there exists a significant difference in the housing prices of those communities since the implementation of the policy in 2014, the treatment group was further divided into two groups: pre- and post-implementation
- The housing price data comes from Anjuke, which is the website of second-hand housing sales. After collecting the five-year data from the first quarter of 2012 to the fourth quarter of 2017, the statistical analysis shows that about the average price of second-hand housing for each community by quarter, the housing price of the treatment group was about 3,000 CNY/m<sup>2</sup> higher than the control group, however, according to the data from 2013 in Anjuke, the average price of the two groups did not differ a lot. Therefore, it was determined that the difference was mainly caused by the policy’s implementation.
- Comparing with the housing price after the policy implementation (each quarter of the 4 years) with the price of the first quarter in 2013, the analysis of DID model can be roughly concluded that the policy indeed pushed up the price of school district housing.

But the effect is rather than instantaneous but delays for more than one year.

- Re-calculate the aforementioned base period combinations with significant statistical differences, and control the other five variables that may affect housing prices: 1) Whether it is located in the original Chongwen District (taking administrative planning adjustment factors into consideration). 2) Distance from the elementary school. 3) Distance from the city center, subway station, and hospital. 4) Community management fees. 5) Community household amount.

The results are as follows:

- The policy plays a significant role in raising housing prices in school districts.
- The impact of the policy on school district housing prices is not immediate. The significant difference in housing prices did not begin to emerge until the sixth quarter after the implementation.
- The impact of the consistent policy on housing prices in relevant regions is not continuous. The significance of the price difference only lasted four quarters. After that, although the housing prices in the policy-affected areas are still slightly higher than those in other areas, there was no significant difference in the growth trend.

Finally, through the common trend test and counterfactual test, the DID model was tested for robustness. The results of the two model tests were not obvious, which respectively explained: 1) The housing price of the treatment group and the control group before the policy does not exist. It can be considered that the price change trends of the two groups of houses before the introduction of the policy are homogeneous. 2) The difference in the average house price between the treatment group and the control group is precisely the effect of the nine-year education school policy.

The research shows that the nine-year admission the system will not cause constant growth in the school district housing in the long term, and the external impact brought by which is relatively small, hence proved the policy itself worth promotion.

*Source: Education & Economy, 2020; 36(4):40-49.*