

Urban Redevelopment Program and Shopping Externality*

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Abstract

We quantify the externality of redevelopment program of urban shopping center on its neighborhood, exploiting the urban redevelopment program in the central shopping district in Tokyo as a natural experiment. The demolish of 77-years old apartment unit and a construction of shopping complex generated immediate hike in the neighborhood land price and long-term increase of the aggregate sales of neighborhood clothing stores. The redevelopment program did not change the land use of neighborhood because of the tight regulation of land use; the resulting inelastic supply of land induced substantial land price hike.

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