

The Economics of Conservation Subdivisions Price Premiums, Improvement Costs, and Absorption Rates

By: Rayman Mohamed, Wayne State University

A scientific study based on 184 randomly selected lots built and sold in South Kingstown, Rhode Island between 1993 and 2002.

Several Key Points:

- “In addition to preserving agricultural land, open space is now expected to serve important ecological roles by providing natural habitat, reducing runoff volumes, limiting landscape and lawn maintenance, and providing natural cooling.”
- Communal ownership is important “strips of open space behind backyards simply encouraged residents on either side of the strip to consider portions as private.”
- “Americans can be comfortable with higher density subdivisions provided that other environmental, aesthetic, and communal concerns are addressed...”
- Construction costs are 40% less per lot.
- Lots sell 47% faster.
- Average price of a lot per acre is 17% higher in a conservation subdivision lot. That equates to a \$42,000 increase on a \$250,000 home.

To access the full article please visit:

http://www.landchoices.org/conservationsubs/consubs_pdfs/consubs_economics1.pdf