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COMMENT
Majella Corrigan
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PARENTS across the country sent their children back to school last week after forking out often alarming sums of money for books, uniforms and the rest.

But for some the cost is higher, as the proximity to well-regarded schools becomes an increasingly important criterion in the property market.

According to Raine & Horne CEO Angus Raine, the emphasis parents place on such schools is seeing many pay premiums of 5 per cent in some areas.

That's about $26,000 calculated on Sydney's median house price of $520,000. In reality it's probably higher, as most houses cost a lot more.

Evidence from Raine & Horne's agency network shows many parents add "proximity to a good school" to their wish list of home features.

On Sydney's north shore, for example, Raine says it is an evergreen for sales, almost irrespective of market conditions.

Sought-after schools in the area, including Knox, Barker and Pymble Ladies College, underpin much of the strength of the north shore market, he says.

Raine & Horne Turramurra's Lesley Bassam says the attraction isn't just the well-known private schools, but also the excellent state schools such as Wahroonga and Pymble public. Buyers here, too, pay similar premiums to be in the appropriate catchment area.

"And it's not limited to owner-occupiers," Bassam says.

"We get inquiries from renters looking for a home that is in the catchment for particular schools."

Along with academic reputation, many parents look for a school with a specialist focus.

In Sydney's southwest, for instance, many families set their sights on Westfield Sports High, the school once attended by Socceroo star Harry Kewell.

Navid Azzati of Raine & Horne Fairfield says many families looking in nearby Canley Heights and Fairfield West regularly ask if a home is in the Westfield Sports High catchment.

It happens in other states and in other countries as well.

In Perth, houses are often advertised as being in the catchment for Rossmoyne Senior High, a highly regarded school south of the Swan River.

And it's not just agents saying this.

Last year Andrew Leigh from ANU's Economic Program, Research School of Social Sciences, and Ian Davidoff from Harvard released a paper entitled How Much Do Public Schools Really Cost?

It looked at the relationship between house prices and school quality.

The fact that public schools often have clearly defined catchment areas made it possible to see the difference in the price of houses close to each other but falling in different school zones.

Data drawn from the ACT found that to send their children to a state high school where the average year 12 tertiary entrance score was five points higher, parents were willing to pay an extra 3.5 per cent, or $13,000, for their home. This mirrored British and US results.

"If you want a house on the right side of the boundary line, you'll have to pay for it," the paper says, which also suggests that programs aimed at improving outcomes in particular schools should raise house prices in those areas.

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Proximity to good schools increases house prices
Rachel Nickless
Australian Financial Review, 8 August 2006

Parents are willing to pay 3.5 per cent extra for a house near a good public school, according to research by The Australian National University.

ANU economist Andrew Leigh and Harvard University master of public policy graduate Ian Davidoff analysed 597 homes in the ACT.

In their paper, *How Much Do Public Schools Really Cost? Estimating the Relationship Between House Prices and School Quality*, they revealed there was a link between house prices and the performance of the local public school for students in years 11 and 12.

To isolate the effects of senior schools on the value of a home from other factors, the researchers compared prices of homes located close to one another but in different school zones. They used each school's average tertiary entrance score - known as the average Universities Admission Index in the ACT - as a performance measure because these were publicly available.

"To put our results into dollar terms, we find that a 5 point rise in a school's UAI score (equivalent to TER or ENTER in other states) leads to a $13,000 increase in house prices in the catchment area," Dr Leigh said.

This translated to an increase of about $13,000 for the average-priced ACT house, the study found.

Mr Davidoff argued that the study results were likely to have implications for house prices Australia-wide. Similar research in the UK and the US had suggested good schools boosted house prices by between 3 and 5 per cent.

"The consistency of findings shows there's something intrinsic about how parents value a home near a good school," he said.

An increase in school quality could boost the price of homes in a given area, he said.

"Under certain assumptions, education policies that raised the average UAI in all public schools by five points would lead to a $1.3 billion increase in wealth in the ACT," he said.

Dr Leigh said his study had equity implications. "In Canberra at least, it remains cheaper to buy into a good public school zone than to pay private school tuition fees. But our results indicate that there is a cost to attending a high-quality public school: you have to pay more for your house."

The ANU research results came as no surprise to RE/MAX Australia Realmark sales associate Kirsty Spraggon.

"For families, proximity to a good school can be a more important priority than having an ocean-front property or something with city views," she said.

Proximity to well-regarded private or state schools had increased prices in certain Perth suburbs such as Churchlands, home to the popular Churchlands Senior High School, she said.

Real Estate Institute of Australia president Tony Brasier said it was an Australia-wide trend for proximity to good schools to drive up property prices.

"Public transport and schools are in the top three or four most important criteria when describing a location," he said.

It pays for results-driven parents to move than seek private tuition: study
Elizabeth Bellamy
Canberra Times, 8 August 2006

It is more economical for ACT parents seeking improved Year 12 results for their children to move than to enrol them at a private school, new research claims. A study issued yesterday by Australian National University economist Dr Andrew Leigh found Canberra parents would need to pay an extra $7000 in annual fees to send their child to a private school producing results five points higher than those recorded at the average government college.

But if families wanted to send their child to a high-performing college instead, they would need pay only $12,985, the additional cost of a home in that school's priority enrolment area. And at the end of their child's schooling they would have have the economic benefits of the property. Dr Leigh conducted the study earlier this year with Harvard University graduate Ian Davidoff, using a random sample of 597 homes in the catchment zones of the territory's eight government colleges, which educate Year 11 and 12 students.

The economist said the results indicated a link between college performance and real-estate values in nearby suburbs. The study found homes within the enrolment zone of a college recording a Universities Admission Index score five points higher than average were worth 3.5 per cent, or $12,985, more than the median ACT house price of $371,000 in 2005. For every one-point increase in a school's median UAI, property prices in its enrolment area rose 0.7 per cent. And if the median UAIs at all colleges rose by five points, real-estate values in the ACT would increase by a total of $1.3 billion.

In the territory, a UAI is determined by continuous assessment during Year 11 and 12 and ranks students on a nationally equivalent scale out of 100. Last year Narrabundah, Greenway's Lake Tuggeranong, and Melba's Copland colleges were the ACT's top performing colleges, achieving median UAIs of 85.45, 79.45 and 76.80 respectively. The average UAI for all schools last year was 74.5.

Dr Leigh said he had considered the socio-economic status of suburbs in his research, with no great impact on results. He added the research indicated the potential for disadvantaged students to be "locked out" of high-performing public schools. "Since houses in better school zones are more expensive, high-quality public education is not costless," Dr Leigh said. "The price of buying into a good school zone may prevent poor families from accessing the public schools of their choice. "Given that education can transform the social and economic opportunities of the underprivileged, such social exclusion may perpetuate cycles of disadvantage if left unaddressed."

Dr Leigh called on the Government to better fund schools with sub-standard facilities and less talented teachers to redress the balance. "There's no reward under the current system for great teachers who teach at disadvantaged schools," he said. The study also found it cost an average $4777 to educate a Year 12 student at a private school last year. However, most private schools with fees within this range last year produced test score results no better than those of average colleges.