

Pet Policy and Housing Prices: Evidence from the Condominium Market

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Abstract

This paper examines the economic impact of restrictions against keeping domestic pets in residential dwellings. Using a large data sample of condominium sales, we empirically estimate price effects associated with pet restrictions. Our results suggest that an unrestricted pet policy creates a significant premium in condominium price, along with discounts for condominiums that do not allow pets or have pet restrictions. This finding is useful for policy makers, developers of new condominium projects, and condominium owner associations in their decisions to establish or alter laws and regulations regarding restrictions on pet owner residents.

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Data reported by the American Pet Products Association (APPA) indicates that pet ownership in the United States increased by almost 3 percent between 2005 and 2007 (Ferrante (2007)) resulting in an all-time high of 71.1 million households owning at least one domestic pet. Between 1997 and 2007, the number of U.S. households grew by 14 percent, while the number of pet-owning households grew by 22 percent. The APPA (2008) estimates that total expenditures by pet owners on household pet health and nutrition was \$41.2 billion in 2007, with \$16.2 billion spent on food, \$10.1 billion spent on veterinary care, \$9.8 billion spent on supplies and over-the-counter medicine, \$2.1 billion on live animal purchases, and \$3.0 billion spent on grooming and boarding. The rise in pet ownership and pet related expenditures is attributable to the perceived or real satisfaction enjoyed by individuals related to pet ownership, presumably due to increased health, safety, security, or other benefits of sharing one's life with a pet.

Along with the increased incidence of pet ownership, some pet ownership advocates are pushing to eliminate or at least reduce restrictions on pets in residential dwellings. While federal laws already prohibit discrimination in housing and other public accommodations against mentally and physically disabled persons regarding

“service and support” animals, efforts are underway to extend this protection to all individuals who wish to keep “companion” or “emotional support” animals in their dwellings even though these individuals do not have disabilities protected by federal laws. The strategy adopted by some proponents of such a policy change is to appeal to the medical and psychological benefits that may accrue to pet owners, regardless of their disability (or lack thereof) status.

Irrespective of political and/or emotional motivations for eliminating or reducing restrictions against pet ownership in residential dwellings, the primary purpose of the current study is to consider the price effects of pet restrictions using a sample of condominium transactions from the Fort Lauderdale, Florida metropolitan area. The research question considered is whether or not relationships can be detected between condominium prices and pet restrictions such as “no pets of any kind,” “small pets only,” “large pets only,” “dogs only,” and “cats only.” Previous research on the effect of pet restrictions on condominium prices suggests that allowing cats is related to increased prices, but that prices are negatively related to allowing dogs. Previous research on the effect of pet restrictions on multi-family apartment rents suggests that pet restrictions have no significant rent effect. This study extends prior research on pet policies and condominium prices to a different geographic area, a more current time period, and a much larger sample of observations.

The next section of this paper reviews the legalities and politics involved in the initiative to reduce or even eliminate restrictions on pet ownership in dwelling units. In Section 2, we develop a model to study the economic impact of pet policy on housing prices. The third section describes the methods used in this study to empirically examine

the price effects of pet restrictions. The fourth section discusses the results of the analyses. The final section provides interpretations and potential policy directions suggested by the results of this study.

1. The Legalities and Politics of Pet Restrictions

The federal *Fair Housing Amendments Act of 1988, Section 504 of the Rehabilitation Act of 1973*, and *Title II of the Americans with Disabilities Act* protect against discrimination of persons who need the assistance of service or support animals as a result of conditions that substantially limit major life activities. This protection from discrimination has been upheld in various courts. The 7th Circuit Court of Appeals ruled in favor of a deaf person's right to keep a service/support animal in a dwelling, opining that:

“[b]alanced against a landlord's economic or aesthetic concerns as expressed in a no-pets policy, a deaf individual's need for the accommodation afforded by a hearing dog is, we think, per se reasonable within the meaning of the” Fair Housing Act. (*Bronk v. Ineichen*, 54 F.3d 425, 429 (7th Cir. 1995)).

A similar ruling was handed down by the U.S District Court of Oregon in *Green v. Housing Authority of Clackamas County*, 994 F.Supp. 1253 (Or. 1998). In 2003, however, a court ruled against the plaintiff on the grounds that the animal possessed “no abilities assignable to the breed or to dogs in general” that would assist the plaintiff (*Prindable v. Ass'n of Apartment Owners of 2987 Kalakaua*, 304 F. Supp. 2d 1245, 1256-57 (D. Hawaii 2003)). In 2004, another court rejected the plaintiff's claim to the right of a service or support animal on the grounds that the plaintiff could not sufficiently prove that such an animal would provide the needed benefits (*Oras v. Housing Authority of City*

of Bayonne, 861 A.2d 194,203 (N.J. Super. Ct. 2004)). Each of these rulings are premised on the idea "...that the animal be (1) individually trained, and (2) work for the benefit of an individual with a disability" (Poliakof (2008)).

Going beyond accommodation for disabilities, federal law provides some protection for the elderly whose emotional support is enhanced by ownership of pets. Part of the Housing and Urban-Rural Recovery Act of 1983 includes a rule titled Pet Ownership in Assisted Rental Housing for the Elderly or Handicapped (POEH) (12 U.S.C. § 1701r-1 (2000)). The legislation recognizes the support that pets can provide the elderly by providing that owners and managers of federally assisted housing for the elderly or handicapped cannot prohibit or prevent tenants from owning common household pets. The rule applies only to those apartments receiving federal subsidies, but it nonetheless reflects the benefits expected for elderly residents from the accompaniment of pets.

At the state legislative level, California enacted a law effective January, 2001, (*California Civil Code Section 1360.5*) that permits each owner in common interest developments (such as condominiums and mobile home parks) to keep at least one pet, subject to reasonable rules and regulations of the homeowners' association. Notably, the California law makes no reference to the owner's need for a mental or physical disability, instead permitting pets for all owners who desire to maintain a pet in their common interest home. Efforts are underway in Florida to adopt similar legislation, though this legislation does make reference to need beyond simply the preference for a household pet in condominium properties.

In Florida, Citizens for Pets in Condos, Inc., a non-profit organization, is lobbying for consideration of a proposed bill (Emotional Support Animal Bill) in the state legislature that would permit “emotional support” animals in condominiums throughout the state. Anyone with approval from a qualified medical professional, regardless of the disabilities recognized in federal law, who could benefit from having an emotional support animal, could keep a pet in their dwelling regardless of community or homeowner association rules. The proposed law in Florida would allow a variety of medical professionals (doctors, nurses, social workers, etc.) to grant approval for individuals who express a preference to maintain a pet in their condominium unit, effectively overriding condo association rules against pets in the units.

The bill proposed by the Citizens for Pets In Condos group died in committee during the 2007 legislative session and was not considered by the legislature in 2008, 2009, or 2010, due to the lack of a sponsor of the bill in the state senate. Even so, the group’s efforts are continuing as of this writing and there is some probability, given the widely-held opinion of a need for condominium association reform that currently exists in Florida, that the legislation will eventually make it to the floor of the legislature. (See <http://petsincondos.org> for a current update on the group’s activities to promote their cause as part of the broader effort to reform condominium association regulations).

Supporters of legislation prohibiting pet restrictions in dwelling units frequently cite the physical and emotional health benefits of pet ownership reported in numerous research studies conducted or supported by such entities as the Center for Disease Control, U.S. Department of Health, American Association of Retired Persons, American Society for the Prevention of Cruelty to Animals, Humane Society of the United States,

American Heart Association, and Baker Medical Research Institute, as well as numerous research reports published in a variety of research outlets. For examples of such research reports, see (among many others) Allen, et al. (1991), Barker and Dawson (1998), Duncan (2000), Endenburg, 't Hart, and Bouw (1994), Hirschman (1994), Mallia (2006), and Raina, et al. (1999), and Schwarz, Troyer, and Walker (2007).

Opponents, or at the very least, non-supporters, of the proposed Florida bill maintain that individual owner associations should be entitled to democratically determine, within the associations' bylaws, whether pet ownership rights are a desirable "amenity" of the condominium community. Possible negative effects cited by opponents of the Florida bill include odor, noise, waste disposal, and damage to the common areas of the property.

On the presumption that housing market dynamics should determine the economic effect of pet restrictions on condominium prices, a statistically rigorous analysis of the potential relationship between prices and pet restrictions may provide market-supported evidence of the price effects of pet restrictions. The results may be used by one side of this debate or the other to bolster its position and to possibly affect decisions of developers, owner associations, and policy makers regarding pet restrictions.

2. The Model

To study the economic impact of a particular pet policy on housing prices, we develop a simple model based on a set of equations proposed by Malpezzi and Maclennan (2001):

$$Q_D = \alpha_0 - \alpha_1 P + \alpha_2 D \quad (1)$$

$$Q_s = \beta_0 + \beta_1 P \quad (2)$$

$$Q_D = Q_s \quad (3)$$

The variables in Equations (1) – (3) are defined as follows: Q_D is housing demand, P is house price, and D is a demand factor that is determined by demand variables such as income and population. Q_s is housing supply. β_1 (α_1) represents the price elasticity of housing supply (housing demand).

By equating supply and demand in Equation (3) and solving for the house price, we can obtain a reduced form of the system,

$$P = \frac{\alpha_0 - \beta_0}{\beta_1 + \alpha_1} + \frac{\alpha_2}{\beta_1 + \alpha_1} D \quad (4)$$

Now suppose that a pet policy pp_i is introduced in the housing market. Assume that this policy immediately affects the demand side: buyers who like the policy will have higher values for properties with such a policy. The demand function (1) then becomes

$$Q_D = \alpha_0 - \alpha_1(pp_i)P + \alpha_2 D(pp_i) \quad (5)$$

Since the buyers who like the policy are less sensitive to price increase, we thus have $\alpha_1(pp_i) < \alpha_1$. Suppose that the supply function (2) stays the same for the moment. From Equations (2) and (3), we can rewrite Equation (4) as,

$$P(pp_i) = \frac{\alpha_0 - \beta_0}{\beta_1 + \alpha_1(pp_i)} + \frac{\alpha_2}{\beta_1 + \alpha_1(pp_i)} D(pp_i) \quad (6)$$

If the demand factor does not change, i.e., $D(pp_i) = D$, the difference between Equations (4) and (6) yields,

$$P - P(pp_i) = \frac{(\alpha_0 - \beta_0 + \alpha_2 D)(\alpha_1(pp_i) - \alpha_1)}{(\beta_1 + \alpha_1)(\beta_1 + \alpha_1(pp_i))} < 0 \quad (7)$$

Equation (7) suggests that the pet policy pp_i will result in a higher house price, i.e.

$P(pp_i) > P$. Now suppose that the pet policy causes the demand factor to change. When

$D(pp_i) < \frac{(\beta_1 + \alpha_1(pp_i))D + (\alpha_0 + \beta_0)(\alpha_1 - \alpha_1(pp_i))}{(\beta_1 + \alpha_1)}$, we can show that

$$P - P(pp_i) > 0 \quad (8)$$

Equation (8) implies that the pet policy pp_i may also result in a lower house price, i.e.

$P(pp_i) < P$, if the pet policy reduces the demand factor significantly.

Thus far, we assume that the pet policy pp_i does not affect the supply function (2). Generally speaking, the pet policy may also affect the supply side. If this is the case, we can similarly show that housing prices will decrease (or increase) if there is oversupply (or less supply) of houses with such pet policy. In sum, the model suggests that the impact of a particular pet policy on housing prices can be positive or negative depending on the changes of supply and demand due to the pet policy. In other words, whether pet restrictions create a premium in housing prices becomes an empirical question. By using a large data sample of condominium sales in the Fort Lauderdale, Florida metropolitan area, we will provide an answer to this question in the next section.

3. Data Description and Empirical Model

Previous empirical research on the relationship between pet restrictions and housing prices (and rents) includes Sirmans, Sirmans, and Benjamin (1989) and Cannaday (1994).¹ Sirmans, Sirmans and Benjamin report no statistically significant

¹ The Cannaday (1994) article also cites a study done by the Minnesota Real Estate Research Center (1990) on renters whose empirical findings were the same (cats “yes,” dogs “no”).

relationship at even the 10 percent level between “no pets” restrictions and multi-family rents using a sample of 188 apartment rental transactions from 92 apartment complexes in Lafayette, Louisiana. All observations were of rents, physical characteristics, location, amenities, services, occupancy restrictions, and external factors as of September 1986. The amenity in question was the allowance or disallowance of pets, without discrimination between dogs and cats. Cannaday’s analysis employs a data sample of 1,061 condominium sales that occurred in Chicago between 1988 and 1991, and considers four types of pet restrictions: no pets allowed, cats only allowed, small dogs allowed, and large dogs allowed. He concludes that in the market area and time period he studied, condo prices are positively related to “cats allowed,” but negatively related to “dogs allowed,” and that the net effect on prices related to pet restrictions ultimately depends on what type of pets are allowed.

Extending previous analysis to a different market, a larger sample, a more recent time period, and slightly different pet policies, a sample of condominium sales drawn from the local MLS for the Fort Lauderdale, Florida metropolitan area, the present study provides a sizeable data sample for analyzing the relationship between pet restrictions and condominium prices. The sample collected for this study contains 19,324 condominium transactions that occurred between the 1st quarter of 2005 and the 2nd quarter of 2007 with sufficient information regarding the selected independent variables to be included in the analysis. Table 2 provides descriptive statistics for variables from the condominium transactions used in the analysis, while Table 1 gives definitions for those variables.

Table 1: Variables Definitions

Condo Property Characteristics Variables	
age	Age of the unit.
age2	Squared age.
beds	# of bedrooms.
baths	# of bathrooms.
style	Codes indicating property style.
Neighborhood Characteristic, Location and Other Variables	
waterfr	yes if the property is exposed to waterfront.
area	MLS-defined, corresponding to housing sub-markets; more than 120 areas in our dataset
income	median household income (\$) on the zipcode level
vacant	yes if the proeprty is vacant.
mom	months on the market.
yq	year and month of the sale.
pets_allowed	yes if the property allows pets.
pets_allowed_with_restriction	yes if the property allows pets with certain restrictions.
cats_only	yes if the property only allows cats.
dogs_only	yes if the property only allows dogs.
small_pets_only	yes if the property only allows small pets less than 20 pounds.
large_pets_only	yes if the property only allows large pets heavier than 20 pounds.
Dependent Variable	
ln(P)	Sale price in natural logarithm.

Table 2: Summary Statistics

Variables	N=19,324 Full Sample		N=9,748 Pet allowed w/ or w/o restrictions		N=8,610 Pet allowed w/ restrictions	
	Mean	Std Dev.	Mean	Std Dev.	Mean	Std Dev.
age	24.00	10.74	19.92	11.89	20.32	11.83
age2	691.28	442.87	538.33	451.98	552.74	453.73
beds	1.89	0.64	2.03	0.69	2.01	0.68
baths	1.83	0.50	1.90	0.58	1.88	0.57
waterfr	0.415	0.493	0.394	0.489	0.397	0.489
vacant	0.40	0.49	0.37	0.48	0.37	0.48
mom	2.31	2.29	2.27	2.28	2.26	2.29
style (%)						
1-4 story condo	59.3%		54.0%		55.7%	
5+ story condo	28.5%		24.1%		24.8%	
townhouse condo	9.5%		17.6%		15.6%	
villa condo	2.7%		4.3%		3.9%	
pet restrictions (obs)						
cats only					634	
dogs only					160	
small pets only					2,918	
large pets only					1,895	
others (unspecified)					3,003	
income	\$44,806.6	\$10,994.8	\$47,915.9	\$12,361.5	\$47,786.1	\$12,108.0
Sale Price	\$235,600.2	\$194,358.4	\$283,567.1	\$232,877.5	\$280,364.6	\$228,670.2
Time of Sale (%)						
2005Q1	0.6%		0.7%		0.7%	
2005Q2	9.7%		8.8%		9.0%	
2005Q3	17.1%		16.8%		17.0%	
2005Q4	10.9%		11.0%		10.9%	
2006Q1	14.9%		15.7%		15.5%	
2006Q2	12.6%		13.1%		13.1%	
2006Q3	10.1%		10.9%		10.7%	
2006Q4	9.0%		8.8%		8.6%	
2007Q1	10.3%		9.5%		9.8%	
2007Q2	5.0%		4.7%		4.8%	

The method of analysis is the familiar hedonic pricing model with the natural log of transaction price as the dependent variable and property/market/amenity characteristics as independent variables. The available information from the MLS regarding condominiums in this market area permits analysis of (1) “no pets allowed,” (2) “any pets

allowed,” (3) “pets allowed with some restrictions,” (4) “only small pets allowed,” (5) “only big pets allowed,” (6) “only dogs allowed,” and (7) “only cats allowed” pet policies.

Using the full sample, the first specification is:

$$\ln(P) = \beta_0 + \beta_1 S + \beta_2 L + \beta_3 Age + \beta_4 Age^2 + \beta_5 N + \beta_6 mom + \beta_7 C + \beta_8 pets_allowed + \varepsilon \quad (9)$$

where P is the condominium price; S denotes a set of structural characteristics; L is the location control variable. There are over 120 MLS-defined areas in the Fort Lauderdale, Florida metropolitan area. In the opinion of brokers, the MLS-defined areas generally correspond to housing submarkets. Similar to Carter et al (2011), we used these MLS-defined areas to control for location. Age and $Age Squared$ are included to account for the possible nonlinear effect due to higher likelihood of renovations as dwellings age (Goodman and Thibodeau (1997)); N controls for neighborhood effects; mom controls for months on the market since listing (Cheng, Lin and Liu (2008)); C is a vector of year/quarter of sale to control for seasonal effect and market conditions. $Pets_allowed$ is the dummy variable indicating whether any pets are allowed on the property.

The second specification estimates a similar model using a subsample of pets allowed w/ or w/o restrictions to examine the impact of “pets allowed with restrictions” on sales prices:

$$\ln(P) = \beta_0 + \beta_1 S + \beta_2 L + \beta_3 Age + \beta_4 Age^2 + \beta_5 N + \beta_6 mom + \beta_7 C + \beta_8 pets_allowed_with_restrictions + \eta \quad (10)$$

The third specification is used to estimate how different “pet restriction” policies, such as cats only, dogs only, small pets only, large pets only, and others, affect sales price. In our sample the categories of cats only, dogs only, small pets

only, large pets only, and the others (unspecified) are mutually exclusive.² So, the estimation sample is the subsample of pets allowed with restrictions and the model can be rewritten as follows:

$$\ln(P) = \beta_0 + \beta_1 S + \beta_2 L + \beta_3 \text{Age} + \beta_4 \text{Age}^2 + \beta_5 N + \beta_6 \text{mom} + \beta_7 C + \beta_8 \text{small_pets_only} + \beta_9 \text{large_pets_only} + \beta_{10} \text{dogs_only} + \beta_{11} \text{cats_only} + \xi \quad (11)$$

Variables of interest are the coefficients for *pets_allowed* in the first specification, *pets_allowed_with_restrictions* in the second specification, and *small_pets_only*, *large_pets_only*, *dogs_only*, and *cats_only* in the third specification. Following Kennedy (1984), the percentage change of housing price (g) due to these pet policies can be calculated as follows:

$$g = [\exp(\hat{\beta} - \frac{1}{2} \text{var}(\hat{\beta})) - 1] * 100 \quad (12)$$

4. Regression Analysis

What distinguishes the housing market here under investigation from those of previous studies is that it is largely a retirement community. South Florida is renowned for being a place where seniors retire, and its housing market has been used in studies of age-restricted housing (Allen (1997); Carter, et al. (2011)), as has Phoenix, Arizona (Guntermann and Moon (2002), Guntermann and Thomas (2004) and Lin, Liu and Yao (2010)). Federal legislation takes cognizance of the favorable influence of pets on seniors in the Pet Ownership in Assisted Rental Housing for the Elderly and Handicapped Act, mentioned above. Therefore, for condominiums in a retirement area such as South

² Table 2 illustrates that among 8,610 observations in the sample, “cats only” has 634 observations, “dogs only” has 160 observations, “small pets only” has 2,918 observations, “large pets only” has 1,895 observations and “others (unspecified)” has 3003 observations.

Florida there could be significant demand for an unrestricted pet policy. Accordingly, a price premium is expected for allowance of pets in South Florida housing.

The empirical results are shown in Table 3. The coefficient of interest for the first equation, *pets_allowed*, is 0.110 (a price premium of 11.6%),³ statistically significant at the 1% level, showing sales of condominiums with pets allowed with no or certain restrictions during the observed period sell for 11.6% more than other condominiums with no pets allowed, *ceteris paribus*. The coefficient for *pets_allowed_with_restrictions* in the second equation is - 0.0132 (a discount of 1.3%),⁴ significant at the 5% level, demonstrating that sales of condominiums with pets allowed with certain restrictions during the observed period suffer a price discount of 1.3% compared with other condominiums with pets allowed with no restrictions, *ceteris paribus*. In the third specification, the coefficients for *cats_only*, *small_pets_only*, *dogs_only*, and *large_pets_only* are all negative, they are -0.071, -0.024, -0.002, and -0.004, respectively, and the first two are significant at the 1% level. This result suggests condominiums with *cats_only* and *small_pets_only* suffer most in price discount. Overall, we can conclude that unrestricted pet policy creates a significant premium in condominium price, along with discounts for condominiums that do not allow pets or have certain restrictions on pets (*cats_only* and *small_pets_only*).

The *R-squares* show that the models are reasonably good fits for each of the estimated price equations, at $R^2 = 89.5$ percent for the first specification (where the number of observations was 19,324), $R^2 = 89.1$ percent for the second specification (where the number of observations was 9,748), and $R^2 = 89.3$ percent for the third

³ 11.6% is estimated using Equation (12).

⁴ A discount of 1.3% is estimated by using Equation (12).

specification (where the number of observations was 8,610). Other coefficients are consistent with prior expectations. For example, coefficients on *beds* and *baths* are positive and highly significant. Waterfront (*waterfr*) properties sell for more while vacant (*vacant*) condominiums sell for less. The coefficient for *age* is negative and highly significant, because a house depreciates as it ages. The age-squared term has a positive effect on housing price, reflecting nonlinearity and vintage effect. Higher floors are associated with price premiums. This result is consistent with the findings by So, Tse and Ganesan (1997). The coefficients for *Year and Quarter of Sale* are all highly significant and follow a distinct pattern from 2005 to 2007. Starting in *2005Q1* the coefficient is negative, then switches to positive in *2005Q2*, then grows over the next three quarters before falling over the last four quarters. This demonstrates that housing market conditions were changing constantly during that time period in South Florida.⁵

⁵ At the suggestion of an anonymous reviewer, we tested for spatial autocorrelation using Moran's I method (Moran (1950)). The tests failed to reject the null hypothesis of zero spatial autocorrelation, indicating there the 120 location control variables in our specifications have adequately addressed the possibility of spatial autocorrelation. The results of the Moran's I tests are available upon request.

Table 3: Regression Results

		Full Sample		Subsample I		Subsample II	
		Pet allowed or not allowed		Pet allowed w/ or w/o restrictions		Pet allowed w/ restrictions	
		Coefficient	T-Stat.	Coefficient	T-Stat.	Coefficient	T-Stat.
Intercept		10.955***	59.31	10.556	44.17	10.864	44.32
Pet Allowed	(yes)	0.110***	30.20	-0.0132**	-2.25		
w/o restriction							
w/ restriction	(yes)						
cats only						-0.071***	-8.20
small pets only						-0.024***	-4.94
large pets only						-0.002	-0.42
dogs only						-0.004	-0.27
others (unspecified)						0.000	.
age		-0.012***	-20.13	-0.014***	-19.36	-0.013***	-17.41
age2		0.000048***	3.35	0.000113***	6.11	0.000104***	5.29
beds		0.192***	54.50	0.159***	36.94	0.156***	34.04
baths		0.21***	46.04	0.220***	41.45	0.221***	39.06
waterfr	(yes)	0.079***	24.12	0.081***	18.06	0.079***	16.77
vacant	(yes)	-0.032***	-11.01	-0.013***	-3.23	-0.014***	-3.48
tom		0.002***	3.15	0.006***	6.92	0.006***	6.52
style							
1-4 story condo		-0.148***	-15.06	-0.133***	-12.36	-0.128***	-10.86
5+ story condo		-0.076***	-7.01	-0.067***	-5.22	-0.065***	-4.72
townhouse condo		-0.120***	-12.20	-0.101***	-9.84	-0.104***	-9.2
villa condo		0.000	.	0.000	.	0.000	.
floor level							
<= 6		0.000	.	0.000	.	0.000	.
7-15		0.084***	5.42	0.068***	3.39	0.071***	2.90
>=16		0.154***	12.45	0.148***	9.92	0.141***	8.40
log(income)		0.122***	10.45	0.163***	11.37	0.134***	8.69
Year and Quarter of Sale							
2005Q1		-0.085***	-3.87	-0.07**	-2.4	-0.104***	-3.30
2005Q2		0.051***	6.48	0.028***	2.6	0.026**	2.31
2005Q3		0.101***	13.87	0.076***	7.66	0.077***	7.39
2005Q4		0.141***	18.4	0.100***	9.75	0.104***	9.58
2006Q1		0.148***	20.34	0.122***	12.53	0.123***	11.97
2006Q2		0.134***	18.14	0.109***	10.97	0.115***	11.08
2006Q3		0.103***	13.53	0.074***	7.3	0.075***	6.98
2006Q4		0.069***	8.98	0.050***	4.83	0.052***	4.74
2007Q1		0.041***	5.53	0.044***	4.26	0.040***	3.77
2007Q2		0.000	.	0.000	.	0.000	.
Location control		Yes		Yes		Yes	
R²		89.5%		89.1%		89.3%	
Number of Obs.		19,324		9,748		8,610	

Note: Statistical significance is indicated as follows: *** at the 1% level and ** at the 5% level. Dependent variable is sale price in natural logarithm. The coefficients for over 120 binary location variables are omitted for brevity.

5. Conclusions and Policy Implications

While there are certainly emotional and disability-related reasons why people prefer to have pets in their homes, the analysis presented in this study suggests that condominium prices are significantly related to pet policies. To the extent that these results support the contentions of anti-restriction activists, condominium developers and owner associations might well consider changing existing prohibitions against certain types of pets (or maintaining the status quo in the absence of such restrictions) in pursuit of enhanced property values in South Florida. This market evidence may not, however, be sufficient to persuade elected officials from mandating the allowance of pets in common interest housing at the state level. As noted by Cannaday (1994), government or condominium association regulations that result in uniform pet policies would eliminate this amenity as a price determinant. Such interventions could result in social welfare losses if some portion of condominium owners would pay more for units in pet restricted condominium projects.

It would behoove those doing further research in the area of pet restrictions and housing prices to repeat this process for other housing markets. Specifically, it would be interesting to gauge residential demand for pets in various areas and to match those findings with the consequences for housing prices.

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