**Rotterdam on the rise: Developers’ perception of height premiums in tall residential towers**

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**Abstract**

Research on vertical spatial structure of cities has gained increased attention in the recent real estate and urban economics literature. A handful of empirical studies in the field provide evidence about premiums associated with locating on higher floors. Given the willingness to pay for higher floors, developers should respond to this signal by incorporating height premiums in their asking prices. This paper investigates developer behaviour with regard to height premiums by analysing offerings of new-built, tall residential towers in Rotterdam. The findings indicate a consistent height premium of 0.4% per floor on average. Following mainstream economics of tall buildings, controlling for view and status only marginally impacted the height premium. There was some weak evidence of cyclicality in height premiums with slight increase during market upturn and slight fall during the downturn period.

Keywords: Height premiums, vertical price gradients, tall buildings, developer behaviour

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