

“La Dolce Vita: Hedonic Estimates of Quality of Life in Italian Cities”
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In recent years, the comparison of quality of life (QoL) across regions and metropolitan areas has become a key issue for policymakers and the general public. In this paper, we use individual-level data for wages and housing prices, together with city-level data on local amenities to estimate compensating differentials in labor and housing markets. We obtain implicit prices for amenities within five main domains (climate, environment, services, society and economy) and use them to rank the 103 Italian province capitals on the basis of overall and domain-specific quality of life. The results indicate that quality of life is highest in medium-sized towns of the Center-North. Northern cities generally fare better for services and economic conditions, while relatively worse for climate and environmental conditions. The opposite pattern applies to cities located in the South. The domain-specific indicators are related to the overall index in various degrees. Climatic and environmental conditions are negatively related to overall QoL, while social conditions are positively but weakly related to QoL. Public services and economic conditions are positively and strongly related to overall quality of life. Finally our rankings are positively and significantly correlated with measures of subjective well-being, confirming the robustness and consistency of our findings.