

1       **ANTICIPATING LAND USE CHANGE USING GEOGRAPHICALLY WEIGHTED**  
2       **REGRESSION MODELS FOR DISCRETE RESPONSE**

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34  
35       **ABSTRACT**

36  
37       Geographically weighted regression (GWR) enjoys wide application in regional science,  
38       thanks to its relatively straightforward formulation and explicit treatment of spatial effects.  
39       However, its application to discrete-response data sets and land use change at the level of  
40       urban parcels has remained a novelty. This work combines logit specifications with GWR  
41       techniques to anticipate five categories of land use change in Austin, Texas while controlling  
42       for parcel geometry, slope, regional accessibility, local population density, and distances to  
43       Austin's downtown and various roadway types.

44  
45       Results of this multinomial logit GWR model suggest spatial variations in – and significant  
46       influence – of these covariates, especially roadway vicinity and regional access. For example,  
47       a one-percent increase in the distance on an undeveloped parcel's distance to its nearest  
48       freeway is estimated, on average, to increase the probability of residential development by  
49       1.2%, while the same increase in distance to a major arterial is estimated to increase the  
50       probability by 1.8%. Conversely, proximity of roads (via reductions in such distances) is

1 estimated to boost the likelihood of non-residential development (9.0% in the case of  
2 commercial development, for simply a 1% decrease in distance to such arterials). The logsum  
3 accessibility index is estimated to exert an average positive influence on commercial, office  
4 and industrial development tendencies, while dampening land use transitions from an  
5 undeveloped state to residential uses. Comparisons of results with a spatial autoregressive  
6 binary probit (using all developed land use categories as a single response) and GWR binary  
7 probit also provide some insights, with the latter seeming to surpass the former in accounting  
8 for spatial effects, as reflected by a lower AIC value.

9  
10 **Key words:** multinomial logit, geographically weighted regression, spatial autoregressive  
11 probit, land use change modeling

## 12 13 INTRODUCTION

14  
15 The arena of land use modeling enjoys a variety of approaches. One approach can be found in  
16 agent-based models (ABMs), which aim to capture the intrinsic nature of land use patterns by  
17 simulating agent-environment interactions (see, e.g., Manson 2000, Parker 2008, Millington  
18 et al. 2008, and Zhou and Kockelman 2010). Although computational advances facilitate  
19 ABM implementation for complex regions with thousands or more agents, implementation  
20 complexity remains a major challenge, along with the lack of formal theories to characterize  
21 most agent-environment interactions (e.g., land development decisions) (Parker et al. 2001).

22  
23 Models of discrete choice are now common in land use modeling. Examples include Verburg  
24 et al.'s (2004) series of binomial logit models for residential, industrial/commercial, and  
25 recreational land uses on a 500m by 500m grid-cell map, Zhou and Kockelman's (2008) logit  
26 models for parcel subdivision, and UrbanSim's (Waddell et al. 2003) rather popular land use  
27 modeling code. Even after controlling for a host of local, neighborhood attributes around grid  
28 cells and parcels, much spatial autocorrelation can remain in unobserved factors. Very few  
29 existing studies attempt to account for such effects, since these imply two-dimensional  
30 dependence across, potentially, thousands of observations, requiring manipulation of large  
31 matrices and high dimensional multivariate distributions (Wang and Kockelman 2009a,  
32 LeSage and Pace 2009).

33  
34 As with various other socio-economic factors (including home prices, poverty levels, travel  
35 distances, and election outcomes), land use patterns tend to be correlated across space. The  
36 underlying idea emerges from Tobler's First Law (Tobler 1970): everything is related to  
37 everything else, but near things are more related than distant things. Wang and Kockelman  
38 (2007) described the three main approaches to address spatial effects: geographically  
39 weighted regression (GWR), spatial filtering, and direct incorporation of spatial effects.  
40 Spatial filtering removes residual spatial relationships by eliminating correlated data points in  
41 the sample. Direct spatial specifications tend to rely on spatial autoregressive (SAR) and  
42 spatial moving average (SMA) processes, as described in Lichstein (2003), Anselin (2004),  
43 and LeSage and Pace (2009). Recent work on discrete states of land use change with such  
44 specifications can be found in Chakir and Parent's (2009) spatial multinomial probit model,  
45 Munroe et al.'s (2002) series of binary probit and random-effect probit models using panel  
46 techniques, and Wang and Kockelman's (2009a, 2009b, 2009c) spatially ordered probit  
47 model with temporal component.

48  
49 This paper combines discrete choice models with GWR techniques to analyze the influence  
50 of various factors on land development in Central Texas' Travis County, over a 5-year

1 period. Although the GWR technique has been used to study limited dependent variables  
2 (e.g., crash counts [Hadayeghi et al. 2010] and binary response [Páez 2006]), its application  
3 to parcel-level land use modeling is quite new. Thus, this work seeks to contribute to the  
4 literature and urban systems forecasting by applying a multinomial logit GWR (MNL GWR)  
5 model in the context of parcel-level land development. A SAR probit binary model is also  
6 specified, for comparison of parameter estimates and predictive fit – relative to a GWR probit  
7 binary model (after collapsing all developed land use into a single category, to enable model  
8 prediction). The following sections describe existing work, data sets used, model  
9 specifications, and results, and then provide conclusions, as well as suggestions for future  
10 study.

## 11 **LITERATURE REVIEW**

12  
13  
14 A key advantage of GWR is its explicit allowance for local spatial effects in relatively  
15 standard regression models (Fotheringham 2003). Its flexible specification also allows one to  
16 examine the stability of parameter estimates over space, and thus highlights the robustness (or  
17 lack thereof) of the model’s structure. In contrast, SAR models and other direct  
18 specifications impose added burden on the specification to be “right”, since only one equation  
19 governs anywhere (though latent spatial effects are permitted to vary) (McMillen 2010).

20  
21 GWR enjoys broad application, in fields as diverse as ecology, wealth and epidemics (see,  
22 e.g., Platt 2004, Ognev-Himmelberger et al. 2009, Atkinson et al. 2003, and Nagaya et al.  
23 2010). Transportation research applications currently exist for traffic count and crash count  
24 prediction (Zhao and Park 2004 and Hadayeghi et al. 2010, respectively) across networks. By  
25 contrast, GWR’s application to land use change at the level of whole parcels and/or for  
26 discrete response in urban contexts remains very rare, and so is the subject of interest here.

27  
28 In the context of land use attributes, Ghosh et al. (2008) analyzed impervious cover  
29 proportion via a continuous-response GWR framework, for data points across Minnesota’s  
30 Twin Cities metro area. Páez (2006) provided a binary-response application, using a binomial  
31 probit GWR with heteroscedastic error terms to analyze development of 324 vacant 1-hectare  
32 grid cells near California’s Bay Area Rapid Transit lines. Between 1965 and 1990 just 61 of  
33 the 324 locations developed; and, as expected, the locally estimated GWR models yielded a  
34 higher log-likelihood value, than the standard binomial probit model (with spatially invariant  
35 parameters).

36  
37 Luo and Kanala (2008) and McMillan and McDonald (1999) extended GWR to multinomial  
38 cases. The former analyzed four types of conversion (from barren, crop/grassland, forest and  
39 water uses to urban land use) using a MNL GWR model (in reverse time, since all outcomes  
40 are “urban land use” in the end year). The study was based on satellite data for 30 m by 30 m  
41 grid cells in Springfield, Missouri, and did not sub-classify urban uses, since satellite images  
42 really cannot distinguish rooftops and parking lots into use types (e.g., office versus  
43 commercial). McMillen and McDonald (1999) specified an MNL GWR model to analyze the  
44 impact of transportation access on Chicago’s land use mixing in the 1920s. Their data set was  
45 composed of 1,160 blocks, approximately drawn at a 4-block interval, forming a lattice. The  
46 response variable (land use type) was categorized as follows: all residential, all commercial,  
47 all manufacturing, residential-commercial mix, and residential-commercial-manufacturing  
48 mix. In addition to distance metrics to Chicago’s central business district (CBD) and Lake  
49 Michigan, other access variables included distances to major streets, commuter train stops,

1 freight rail lines and canals and rivers. They concluded that higher access to transport  
2 facilities was significantly associated with more mixed-use conditions.

3  
4 Parcel-level MNL GWR models remain conspicuously absent in the literature, and that is  
5 where this work most contributes, along with a comparative look at a SAR model's results (at  
6 the binary-outcome level, since SAR MNP [LeSage and Pace 2009] cannot yet handle large  
7 sample sizes). Two separate base specifications were implemented, the first anticipating  
8 physical changes in parcel shapes over the five-year data window (i.e., parcel merges,  
9 subdivision, and no-change conditions) and the second anticipating land use changes (on  
10 unchanged parcels) over the same period.

## 11 **DATA SETS**

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13  
14 In order to apply an MNL GWR model to Austin area data, Travis County parcel details were  
15 assembled. These include a three-category physical change response variable, a six-category  
16 land use response variable, and the following eight regressors: network distance to the  
17 regional CBD (*DistCBD*), Euclidean distances to the nearest minor arterial, major arterial and  
18 freeway (*DistMnrArt*, *DistMajArt*, and *DistFwy*), Euclidean distances to the nearest water and  
19 golf course (*DistWater* and *DistGolf*), soil slope (*Slope*), a logsum measure of accessibility  
20 (*Access*), parcel size in acres (*Area*), and parcel perimeter-to-area ratio (*Perim-to-Area*).

### 21 **Land Use Types**

22  
23 The County of Travis Central Appraisal District's (TCAD's) data sets were used to define  
24 those taxable (privately held) parcels, while City of Austin (CoA) data sets aided in the  
25 determination of land use type for non-taxable parcels (which are generally missing from  
26 appraisal district data) and in identifying undeveloped parcels in the year 2003. The final land  
27 use categories consist of undeveloped, residential (both single- and multiple-family dwelling  
28 units), commercial (including retail, entertainment and recreational uses), office, and  
29 industrial uses. Parks, greenbelts and preserved land were excluded from analysis because  
30 these land types are almost always undevelopable (due to planning restrictions, at least in the  
31 short to medium term).

32  
33 In terms of acreage, among the 674,951 acres of land that correspond to the 299,889 parcels  
34 encoded in CoA's year 2003 land use map, 41.9 percent (240,143 parcels) were already  
35 developed in year 2003, 3.29 percent (2,647 parcels) were in the form of parks and  
36 greenbelts, 9.03 percent (589) were otherwise preserved/protected, and 2.39 percent was  
37 covered by water (178 shapes). Although parks/greenbelts and water are, in essence,  
38 undevelopable, they provide a form of amenity for other, nearby land uses, and may facilitate  
39 developments such as houses and restaurants. For this reason, distances to each parcel's  
40 nearest water area and park are controlled for in the spatial models.

41  
42 Undeveloped parcels are vacant parcels with the potential to develop, and thus exclude parks,  
43 preserved land, greenbelts and water; the data set includes a total of 48,445 undeveloped  
44 parcels in 2003. Among these, 1,951 had undergone subdivision by year 2008, 3,905 had  
45 merged into larger parcels by 2003, and the remaining 42,589 experienced no physical  
46 changes<sup>1</sup>. Of course, land use development may take place on portions of changed parcels.

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<sup>1</sup> ArcGIS's *Spatial join* function was used to join TCAD 2008 parcel centroids to the CoA's 2003 map of undeveloped parcels. Parcel-merge behavior was detected by a zero value of *join count* (which is the number of centroids that fall within the parcel boundary), and subdivision was determined by a *join count* result greater than 1. (A *Join count* value of 1 indicated parcels experiencing no physical changes.)

1 Due to the computational intensity associated with the nested structure of such a change (e.g.,  
 2 the nature of the physical change and then the new land use types involved), a nested spatial  
 3 MNL model is left for future improvement.

4  
 5 In this paper, separate GWR MNL models for the occurrence of physical changes in a parcel  
 6 and for land use type outcomes were constructed using the parcel-level data snapshot at years  
 7 2003 and 2008. The physical change model used the 48,445 undeveloped parcels in 2003  
 8 with three outcomes: subdivision, merging and no-change. The land use change model was  
 9 based on parcels undergoing no physical changes, with five possible outcomes: undeveloped,  
 10 single-family plus multi-family residential, commercial, office, and industrial uses.

11  
 12 Among the 42,589 parcels that experienced no physical change, 64.8 percent remained  
 13 undeveloped during the 5-year period. Among those that developed by 2008, the vast  
 14 majority (98.7%) developed into residential uses, as shown in Table 1. Tables 2 and 3  
 15 summarize details on all covariates used in the two models, respectively.

16  
 17 Table 1. Land Use Shares for Physically Unchanged Parcels between 2003 and 2008

Land Use	Code	#Obs.	Share
Undeveloped	0	27584	0.648
Single-Res	1	14446	0.339
Multi-Res	2	59	1.39E-3
Commercial	3	209	4.899E-3
Office	4	127	2.991E-3
Industrial	5	164	3.839E-3
<i>Total</i>		<i>42589</i>	<i>1.00</i>

18  
 19 Such unbalanced land use distributions (in favor of residential and undeveloped uses by year  
 20 2008) can result in a singular or nearly singular Hessian matrix for the model's log-likelihood  
 21 function in certain neighborhoods (especially in highly residential neighborhoods, far from  
 22 Austin's mixed-use downtown). To counter the impact of unbalanced response-variable  
 23 conditions around various parcels, a binary probit GWR model was also estimated, as a  
 24 complement to the MNL GWR model. In this case, all developed land use categories were  
 25 combined into one category and served as the developed ( $y=1$ ) alternative, as opposed to the  
 26 undeveloped base alternative ( $y=0$ ), and no inestimable situations arose (due to Hessian  
 27 singularities present for a variety of parcel settings in the 5-level GWR MNL model). As  
 28 noted earlier, this binary case was used to allow comparison with results of a binary SAR  
 29 probit model, as discussed later.

30  
 31 Table 2. Covariates for Prediction of Physical Parcel Changes

	Unit	Min	Max	Mean	Median	StdDev
<i>DistCBD</i>	Mile	0	55.40	19.69	18.26	10.29
<i>DistFwy</i>	Mile	0	21.02	6.429	5.011	5.651
<i>DistMajArt</i>	Mile	0	6.139	0.803	0.483	0.855
<i>DistMnrArt</i>	Mile	0	10.62	1.770	1.474	1.368
<i>DistWater</i>	Mile	0	14.56	3.014	1.520	3.259
<i>DistGolf</i>	Mile	0	14.53	2.581	1.944	2.533
<i>Slope</i>	Percent	0	65.49	7.614	5.654	6.703
<i>Peri-to-Area</i>	1/Feet	4.81E-04	1.127	0.036	0.037	0.024

<i>Area</i>	Acres	1.68E-03	1769	5.108	0.298	32.51
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## Covariates for Land Use Change Prediction

The five land use types described above serve as response categories for land use change from an undeveloped state in 2003. A variety of attributes or “covariates” are expected to influence the various likelihoods of change, including soil slope and parcel geometry, local population density, distance to the region’s CBD, distances to various roadway types, and regional accessibility. Table 3 provides summary statistics for all these variables.

Table 3. Summary Statistics of Regressors

	Unit	Min	Max	Mean	Median	StdDev
<i>DistCBD</i>	Mile	7.000E-01	43.84	19.95	18.55	10.44
<i>DistMnrArt</i>	Mile	3.307E-03	10.62	1.767	1.470	1.350
<i>DistMajArt</i>	Mile	2.354E-04	6.139	0.815	0.490	0.852
<i>DistFwy</i>	Mile	1.169E-02	21.02	6.611	5.414	5.661
<i>PopDensity</i>	Persons per Acre	0.000	149.71	1.136	0.022	5.207
<i>Slope</i>	Percent	0.01	74.60	7.829	5.829	6.874
<i>Access</i>	-	1.201	6.729	5.488	5.684	0.932
<i>Peri-to-Area</i>	1/Feet	7.120E-04	1.060	0.036	0.038	0.019
<i>Area</i>	Acres	3.737E-03	1407	3.329	0.283	21.37

While steeper slopes can be difficult to build upon, they also can be more interesting for views and neighborhood aesthetics. Here, slopes first took the form of a raster layer (at 10 m resolution), as obtained by applying ArcGIS’s slope function<sup>2</sup> to the U.S. Geology Survey’s National Elevation Dataset. To reduce computational demands, these 10 m grid cells were converted to a 30 m point layer, and the *Slope* attribute was averaged (and then these were averaged for each parcel’s spatial extent, to use in the regression models).

Zhou and Kockelman (2008) estimated that parcel size and the ratio between perimeter and area are positively associated with residential development, consistent with the more rectangular shapes commonly observed for residential parcels (e.g., 50 ft x 100 ft). In contrast, parcels with commercial, office and civic uses tend to be more square in shape (Zhou and Kockelman 2008). Thus, parcel areas (measured in acres) and the ratio between each parcel’s perimeter and area (measured in inverse feet) serve as two other covariates for land use change prediction.

As noted, local densities of development can also incentivize or deter new development. Here, population per acre in 2005 (evaluated at the TAZ level) serves as the mid-point measure of local population density for the 8-year period. This variable was interpolated for each parcel’s census tract using a demographic software’s (Social Explorer’s) year 2000, 2006 and 2007<sup>3</sup> population counts. Tract-level population densities are defined as population counts per tract divided by the tract’s land (not water) area, and then these were assigned to TAZs. Densities for years 2001-2005 and 2008 were estimated using an exponential growth

<sup>2</sup> ArcGIS’ slope algorithm searches for (and assigns) the maximum among the eight slope values calculated from the run and rise of each grid cell’s center-point elevation versus that of its eight surrounding neighbors.

<sup>3</sup> These three years’ population counts are at the tract level. The year 2000’s data come from the decennial Census aggregates. The other two sets of counts were estimated by data experts at Social Explorer, who “filled in” data missing in the 2006 and 2007 American Community Surveys using PUMS PUMA aggregates. Then, the changes between 2000 and 2006/2007 PUMAs were allocated to census tracts. Therefore, the end result can as comparable to ACS tract level estimates. (Huang 2010)

1 assumption, such that  $y(t)=y(0)\times(1+i)^t$ . In this way, future year values were inferred from a  
 2 past year's value.

3  
 4 Distance to the region's CBD regularly is a powerful covariate in models of land value and  
 5 land use (see, e.g., Haider and Miller 2000, Srour et al. 2002, Zhou and Kockelman 2008).  
 6 Here, this attribute was computed as the shortest-path network distance from each parcel's  
 7 centroid to the Texas State Capitol, based on Travis County's 2005 coded network.

8 Distances to the nearest freeway, major arterial and minor arterial can also play important  
 9 roles in a site's viability for development (see, e.g., Iacono et al. [2008] and Zhou and  
 10 Kockelman [2006]), with access of interest to most developers. Visibility from high-flow  
 11 facilities is probably of great interest to commercial and office sites, while some sound-  
 12 dampening and safety-enhancing buffer space is desired for most residential users. Again,  
 13 Euclidean distances from parcel centroids were used, based on shortest paths on Travis  
 14 County's 2005 network. In addition, distances to amenities like golf courses and bodies of  
 15 water (as per the CoA's 2003 maps) were evaluated as covarates, since these are noted at  
 16 times in the literature as contributing to land use change (see, e.g., Lin et al. 2005).

17 Overall, regional accessibility is also a key component of site attractiveness for a variety of  
 18 use types (see, e.g., Waddell et al. [2003], Sour et al. [2002], Niemeier [1997], and Sermons  
 19 and Seredich [2001]). Traditional measures of accessibility, such as travel time, distance and  
 20 cumulative opportunities, are rather simplistic in nature. Fortunately, the expected-  
 21 maximum-utility or logsum measure obtained from discrete choice models of destination  
 22 choice can account for the behavioral nature of such choices (see, e.g., Neimeier [1997]).  
 23 Here, the *Access* variable is computed as follows:

$$24 \quad Access_i = \ln\left[\sum_{j=1}^N (\exp \beta_1 dist(i, j) + \beta_2 \ln (emp_j))\right] \quad (1)$$

25  
 26 where  $Access_i$  is the accessibility index for location  $i$  (i.e., the traffic analysis zone of the  
 27 parcel  $i$ ),  $dist(i, j)$  is the shortest-path network distance from each origin TAZ  $i$  to each  
 28 destination TAZ  $j$ ,  $emp_j$  denotes total employment in TAZ  $j$ , and parameters  $\beta_1$  and  $\beta_2$  (-  
 29 0.226 and +0.269, respectively) were estimated by running a logit model of destination TAZ  
 30 choice for all 13,942 trips in the 2006 Austin Travel Survey.

## 31 32 33 **METHODOLOGY**

34  
 35 This section summarizes the mathematical formulations of MNL and GWR regression  
 36 techniques, including cross-validation for bandwidth or neighborhood determination (for the  
 37 spatial weights). Given the site-specific nature of land use data and lack of alternative-  
 38 specific variables, an unconditional MNL was adopted here, as shown in Eq 2 (and in Greene  
 39 [2003]).

$$40 \quad P_{nj} = Prob(Y_n = j|x_n) = \frac{\exp(x_n'\beta_j)}{1+\sum_{k=1}^J x_n'\beta_k} \quad (2)$$

41  
 42 where  $n$  denotes the  $n^{th}$  parcel observation,  $j$  indexes outcome alternatives (with  $j=0$   
 43 indicating the base alternative: a parcel remaining undeveloped in this work's context), and  
 44 the vector  $\beta$  consists of alternative-specific parameters (to be estimated) for non-generic  
 45 attributes (such as parcel size and slope). The corresponding log-likelihood is:  
 46  
 47

$$48 \quad \ln L = \sum_{n=1}^N [\sum_{j=0}^K I_{nj} \ln (P_{nj})] \quad (3)$$

where  $I_{nj}$  is an indicator variable for outcome  $j$  at parcel  $n$  and  $I_{nj}=1$  if parcel  $n$  is of land use category  $j$  and 0 otherwise.

GWR is an extension of weighted least squares (WLS) methods, where the weights are spatial in nature (and falling with separation between observations) and a new regression is run at each data point, to allow parameter estimates to vary over space. In the case of a continuous response (e.g., home prices), Equation 4 shows GWR estimator for the  $i^{\text{th}}$  data point or parcel:

$$\hat{\beta}(x_i, y_i) = (X'W(x_i, y_i)X)^{-1}X'W(x_i, y_i)Y \quad (4)$$

where  $\hat{\beta}(x_i, y_i)$  is the vector of estimated parameters at location  $(x_i, y_i)$ ,  $X$  is an  $n$  by  $k$  matrix of covariates,  $W(x_i, y_i)$  is an  $n$  by  $n$  weight matrix, varying by location (as described below), and  $Y$  is an  $n$  by 1 vector of response values (across all  $n$  neighbors).

As noted, in the current context, the response is discrete multinomial. The log-likelihood function used is that applied by McMillen and McDonald (1999), as shown in Equation 5:

$$\ln L_i = \sum_{n=1}^N [w_{in} \sum_{j=0}^K I_{nj} \ln (P_{nj})] \quad (5)$$

where  $w_{in}$  is the weight for the  $n^{\text{th}}$  data point with respect to the  $i^{\text{th}}$  regression point (as described below), and  $I_{nj}$  is an indicator variable for land use category  $j$ .  $P_{nj}$  is the probability that undeveloped parcel  $n$  transitions to land use type  $j$  by 2008 (as shown in Eq 2).

MATLAB software was used to repeatedly maximize this loglikelihood (for neighborhood samples around each parcel), using Newton-Raphson techniques (based on first- and second-order derivatives, as described in Greene 2003).

### Weights Used

Fotheringham (2003) describes a variety of weight options. Gaussians weights and their bi-square variation are provided in Equations 6 and 7, respectively. These consider point proximity as well as bandwidth distance.

$$w_{ij} = \exp [-0.5 \cdot (d_{ij}/b)^2] \quad (6)$$

$$w_{ij} = \begin{cases} [1 - (d_{ij}/b)^2]^2, & \text{if } d_{ij} < b \\ 0 & , \text{otherwise} \end{cases} \quad (7)$$

where  $b$  is bandwidth and  $d_{ij}$  is the distance between regression point  $i$  and data point  $j$ .

Such functions are called “fixed spatial kernels”, indicating that the sample size used for regression at any data point (parcel)  $i$  is solely determined by bandwidth distance. As noted, data points typically do not scatter evenly over space, so a fixed-distance kernel can cause inadequate sample sizes in sparsely data-populated locations. One remedy is to use “spatially varying kernel”, which ensures that effective bandwidths “shrink” in areas where data points are densely distributed and “expand” in sparsely populated locations. An example is the tri-cube weight for pairs of points, expressed as follows:

$$w_{ij} = (1 - (d_{ij}/d_{\max})^3)^3 \quad (8)$$

1 where  $j$  is one of point  $i$ 's  $N$  nearest neighbors (otherwise  $w_{ij}$  equals zero), and  $d_{\max}$  is the  
2 distance from the  $N^{\text{th}}$  nearest neighbor to point  $i$ .

3  
4 Cross-validation (CV) determines the optimal bandwidth value or optimal number of nearest  
5 neighbors  $N$  by minimizing the CV score (Fotheringham 2003). In essence, the CV technique  
6 calculates the sum of squared error terms in each regression point's neighborhood, excluding  
7 the regression point itself from the model. This pseudo-sum-of-squared-errors is called the  
8 CV score, and is expressed as follows, for the MNL case:

$$9 \quad CV = \sum_{n=1}^{N_{obs}} \sum_{j=0}^J (I_{\neq n,j} - \hat{P}_{\neq n,j}(b))^2 \quad (9)$$

11  
12 where  $I_{\neq n,j}$  is an indicator variable for data points other than  $n$ , so  $I_{\neq n,j}=1$  if parcel  $n$  is of land  
13 use type  $j$ , and 0 otherwise. Moreover,  $\hat{P}_{\neq n,j}$  is the estimated probability for parcel  $n$  having  
14 land use type  $j$ .

15  
16 The number of valid data points ( $N_{obs}$ ) over which the CV score is computed can vary as a  
17 function of  $N$ . For example, only 25% (1,933) of this work's previous experimental dataset  
18 (7,591 data points) yield an invertible Hessian under an  $N = 300$  nearest-neighbors  
19 specification. This percentage increases to 48% and 58% when  $N$  rises to 800 and 1,500,  
20 respectively. When  $N$  increases to 3,000, the valid percentage falls back to 40%<sup>4</sup>. For  
21 comparability across cases, Eq 9's CV score should be normalized, by dividing by the  
22 number of valid regression points (rather than simply summing over  $N_{obs}$  data points), thus  
23 providing an average CV score for each regression point. Given computational intensity, the  
24 average CV score was only computed for five  $N$  values ( $N = 300, 800, 1000, 1500$  and  $3000$ ),  
25 yielding average CV scores of 8.29, 5.13, 1.75, 3.82 and 1.98. Thus, parameter estimates  
26 were obtained by maximizing the log-likelihood function applicable at each undeveloped  
27 parcel, with  $N=1000$ ; and Hessians were used to compute standard errors and t-statistics,  
28 with all results presented below.

## 29 **MODELS AND RESULTS**

31  
32 This section presents results from the two MNL GWR models, a binary probit GWR model,  
33 and a SAR binary-probit model. The binary probit models help counter the estimation issues  
34 associated with insufficient variation of land use change in neighborhoods around a variety of  
35 parcels, as discussed earlier. The SAR binary-probit was analyzed using Bayesian estimation  
36 methods (LeSage 1999), as another point of comparison (with constant parameters and a  
37 relatively straightforward spatial representation for dependence in unobserved components).

### 38 **Results of MNL GWR**

39  
40 As noted earlier, Austin's land use changes (from undeveloped status) heavily favor  
41 residential uses, resulting in singular Hessians for sample sets surrounding many parcels.  
42 Without a Hessian, one cannot quantify uncertainty in parameter estimates. One remedy is to  
43 select regression points ( $i$ ) in the  $N = 1000$  neighborhoods that contain enough land use-  
44 change variation and simply ignore those that do not.

---

<sup>4</sup> Adding such new variety in data may cause these problems because the spatial weights (for far-away points) fall to levels too low to recognize the added information. The study area's neighborhoods of 800 to 1500 parcels may offer a better mix of different land use types. (Including too many observations will overwhelm the sample with residential parcels thus leading to singular Hessian.) This trend is probably specific to the study area's data sets.

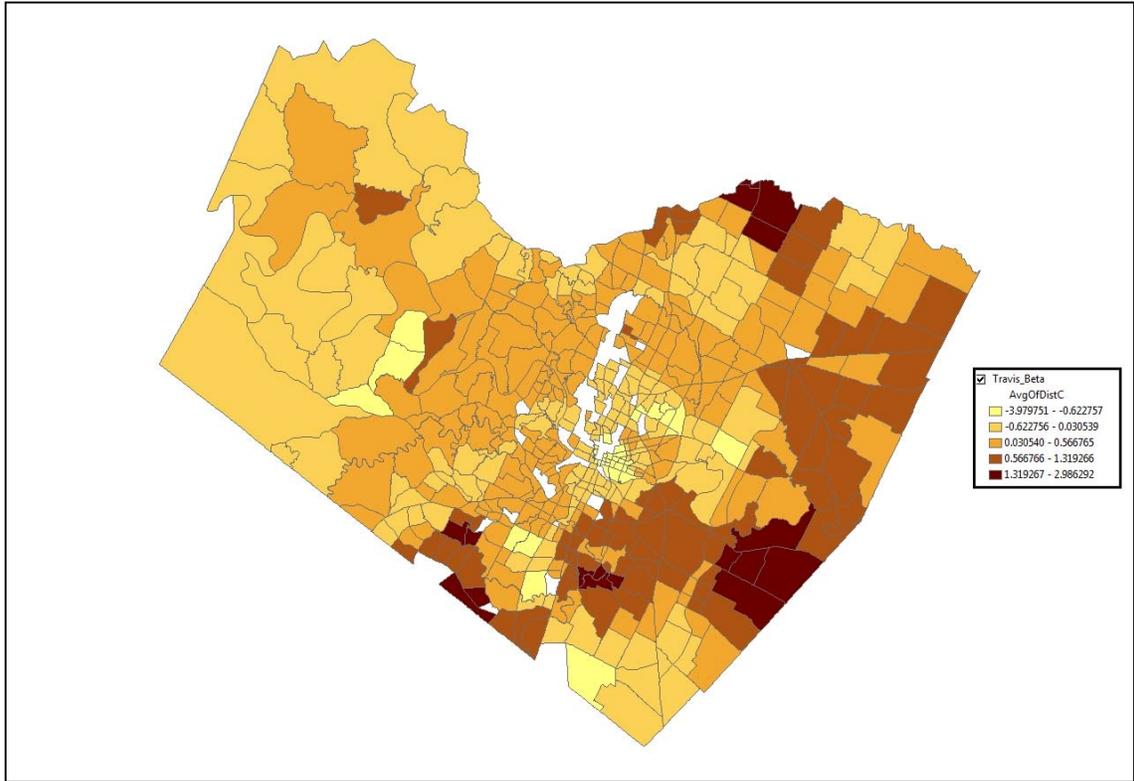
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Out of the 33,912 datapoints (a 70% sample of the population) in the physical-change model, 27,174 regression points yield invertible Hessians. Working with these 27,174 data points' results, a variety of estimates emerge, as shown in Table 4. A rise in the *DistCBD* variable's value, on average, is associated with a higher probability for parcels to undergo merging or subdivision. This effect appears stronger in the southeastern part of Travis County than in the northwestern part, as shown in Figure 1. In contrast, an increase in the distance to a parcel's nearest highway tends to dampen such probabilities. Proximity to both the nearest water body and golf course tends to increase the likelihood of merge and subdivision outcomes, with water access, in particular, offering very high elasticities. As expected, larger parcel sizes tend to decrease the likelihood of a merge event but increase subdivision tendencies. The *Perim-to-Area* variable exhibits the opposite effect.

Out of the 42,589 datapoints in the land use model, 3,684 yield invertible Hessians, thanks to a fair amount of land use variation in their neighborhoods<sup>5</sup> (i.e., roughly 7 to 10% of parcels shift to non-residential development). Amid these estimator distributions (one set of estimates per data point), one finds that coefficients on the *Constant* terms for the *Residential* alternative have relatively high mean values, among the four developed alternatives. This is consistent with the fact that the majority of 2003-2008's new developments are residential. The *DistCBD* variable tends to have a negative impact on *Office* development, meaning that office uses are more likely in more central locations, *ceteris paribus*. This is in contrast to *Residential*, *Commercial* and *Industrial* outcomes' response to the *DistCBD* variable. For example, new residential developments emerged around the southwestern and northern areas of the county, though many high-rise condominium units have emerged in Austin's downtown.

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<sup>5</sup> With  $N = 1000$  nearest neighbors (for the tri-cube nearest neighbor weight function), average neighborhood radius was 3.45 miles (with a standard deviation of 1.93 miles).



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Figure 1. Spatial Distribution of *DistCBD* for Parcel Merge Response

Table 4. Summary Statistics of Parameter Estimates of MNL GWR Model for Physical Change Behavior

			<i>Constant</i>	<i>DistCBD</i>	<i>DistFwy</i>	<i>DistMajArt</i>	<i>DistMnrArt</i>	<i>DistWater</i>	<i>DistGolf</i>	<i>Area</i>	<i>Perim-to-Area</i>	<i>Slope</i>
Merge	Mean	Beta	25.40	0.12	-2.74	-1.87	-2.93	-0.53	0.33	-0.05	21.58	-0.01
		Tstat	-0.67	0.70	-1.05	-1.22	-1.02	-0.36	0.28	0.27	2.00	0.03
		Elasticity	94.42	10.03	-53.51	-45.24	-54.68	-24.78	-0.16	-0.65	68.76	-0.63
	Median	Beta	-1.95	0.06	-0.65	-1.05	-0.64	-0.24	0.15	0.01	19.21	0.00
		Tstat	-0.85	0.42	-0.90	-1.18	-0.98	-0.47	0.16	0.10	2.05	0.13
		Elasticity	-52.66	4.42	-14.66	-23.07	-16.63	-5.44	1.21	0.01	56.67	0.09
	StdDev	Beta	133.83	1.41	10.13	4.25	8.79	6.57	3.84	1.31	35.16	0.12
		Tstat	2.54	1.90	2.17	1.82	2.33	2.02	2.73	0.99	1.78	1.60
		Elasticity	1,804.90	48.88	186.94	95.52	172.17	119.84	62.52	6.48	120.57	3.77
	Min	Beta	-739.86	-25.13	-100.27	-53.72	-94.57	-115.50	-31.92	-26.63	-34.03	-0.96
		Tstat	-6.29	-7.44	-7.71	-7.62	-7.94	-5.42	-9.17	-2.52	-4.27	-4.89
		Elasticity	-151.12	-441.57	-271.55	-182.02	-252.12	-29.39	-34.68	-31.79	-109.43	-35.34
Max	Beta	134.41	4.53	55.43	22.78	17.65	29.78	97.72	6.56	240.40	0.42	
	Tstat	7.46	6.62	4.17	5.77	5.78	6.51	8.33	3.59	6.00	4.17	
	Elasticity	2,293.18	276.75	1,221.15	554.93	424.24	506.09 li	1,102.09	1.99	7,175.29	15.84	
			<i>Constant</i>	<i>DistCBD</i>	<i>DistFwy</i>	<i>DistMajArt</i>	<i>DistMnrArt</i>	<i>DistWater</i>	<i>DistGolf</i>	<i>Area</i>	<i>Perim-to-Area</i>	<i>Slope</i>
Subdivision	Mean	Beta	40.91	0.19	-3.51	-2.04	-2.87	-1.65	-0.23	0.10	-70.69	-0.05
		Tstat	0.18	0.65	-0.73	-0.90	-0.78	-0.76	-0.20	1.28	-2.52	-0.37
		Elasticity	446.92	2.55	-67.45	-43.75	-70.85	-34.87	-7.31	0.05	-37.54	-2.02
	Median	Beta	2.26	0.10	-0.69	-1.17	-0.76	-0.52	-0.08	0.02	-67.59	-0.03
		Tstat	0.22	0.63	-0.75	-1.19	-0.87	-0.65	-0.13	1.37	-2.57	-0.50
		Elasticity	40.00	6.80	-16.31	-27.42	-23.46	-12.53	-0.99	0.04	-24.08	-0.83
	StdDev	Beta	141.21	1.14	10.48	6.75	9.40	6.98	5.09	0.47	66.62	0.17
		Tstat	1.50	1.75	1.64	1.37	1.31	2.00	1.72	1.02	1.42	1.19
		Elasticity	2,135.53	49.95	29.59	98.46	24.87	33.08	82.17	0.70	28.62	4.62
	Min	Beta	-623.51	-11.40	-18.70	-83.67	-102.52	-35.47	-61.45	-16.92	-51.05	-6.89

		Tstat	-4.22	-4.87	-6.11	-5.71	-5.26	-8.35	-8.08	-3.29	-6.71	-3.34
		Elasticity	-1,368.76	-726.35	-295.58	-128.75	-334.04	-260.17	-131.52	-35.89	-190.13	-20.89
	Max	Beta	1707.71	18.70	52.95	49.23	27.79	30.50	62.17	4.64	39.07	1.01
		Tstat	5.24	7.34	4.98	3.97	4.19	4.62	4.51	3.99	2.11	3.24
		Elasticity	2310.99	454.79	132.94	303.73	493.82	425.60	703.19	2.11	380.56	15.15
Pseudo-R <sup>2</sup> <sub>adj</sub>	Mean	0.987										
	Median	0.987										
	StdDev	0.003										
	Min	0.980										
	Max	0.997										

Table 5. Summary Statistics of Parameter Estimates for the MNL GWR Model of Land Use Change

		<i>Constant</i>	<i>DistCBD</i>	<i>DistMnrArt</i>	<i>DistMajArt</i>	<i>DistFwy</i>	<i>Slope</i>	<i>Perim-to-Area</i>	<i>Area</i>	<i>Access</i>	<i>Pop Density</i>
Residential	Min	-4.889	-0.177	-0.492	-0.028	-0.139	-0.108	-6.788	-0.206	-1.179	-0.132
	Max	6.543	0.287	1.023	2.635	1.216	0.039	13.983	-0.021	0.401	0.013
	Mean	-1.129	0.006	0.128	1.115	0.724	-0.004	3.311	-0.100	-0.071	-0.013
	Median	-0.549	-0.008	0.141	1.176	0.822	-0.003	1.752	-0.105	-0.143	-0.018
	StdDev	1.603	0.098	0.259	0.615	0.273	0.024	3.639	0.030	0.217	6.271E-03
Commercial	Min	-4.439	-0.372	-2.293	-5.013	-1.231	-0.688	-66.143	-0.050	-0.691	-0.021
	Max	4.575	0.243	0.340	-1.764	0.432	-0.381	-0.838	0.014	0.747	0.061
	Mean	-1.784	0.019	-0.832	-3.159	-0.009	-0.499	-12.357	-0.011	0.132	-3.159E-3
	Median	-1.991	0.007	-0.698	-3.038	-0.012	-0.491	-2.210	-0.011	0.195	-5.231E-3
	StdDev	1.403	0.106	0.610	0.547	0.272	0.050	16.433	0.015	0.199	1.652E-3
Office	Min	-9.256	-1.699	-2.714	-6.292	-1.728	-0.291	-159.625	-0.125	-1.863	-0.011
	Max	12.222	0.356	1.579	0.664	1.746	0.052	-19.123	0.046	1.462	0.025
	Mean	-2.701	-0.442	-1.009	-3.395	0.018	-0.102	-62.248	-0.032	0.531	-0.019
	Median	-3.545	-0.465	-1.186	-4.326	-0.102	-0.107	-50.690	-0.021	0.649	-0.021
	StdDev	3.736	0.472	0.775	1.965	0.566	0.056	36.282	0.041	0.670	1.371E-3
Industry	Min	-8.912	-0.250	-3.209	-7.163	-2.102	-0.577	-57.250	-4.048E-	-0.361	-0.522
	Max	1.256	0.419	0.250	-0.225	0.086	-0.359	-5.592	1.118E-02	1.288	0.031
	Mean	-3.438	0.162	-1.598	-2.281	-0.386	-0.474	-18.646	-2.279E-	0.320	-0.073
	Median	-3.699	0.159	-1.756	-2.274	-0.281	-0.483	-15.293	-4.934E-	0.337	-0.054
	StdDev	1.889	0.123	0.933	1.225	0.287	0.054	10.667	9.288E-03	0.279	0.015
Pseudo-R <sup>2</sup> <sub>adj</sub>	Min	0.32									
	Max	0.74									
	Mean	0.63									
	Median	0.57									
	StdDev	0.15									

Table 6. T-Statistics of Parameter Estimates for the MNL GWR Model of Land Use Change

<i>Residential</i>	<i>DistCBD</i>	<i>DistMnrArt</i>	<i>DistMajArt</i>	<i>DistFwy</i>	<i>Slope</i>	<i>Perim-to-Area</i>	<i>Area</i>	<i>Access</i>	<i>PopDensity</i>
Mean	0.306	0.521	4.309	5.353	-0.187	1.161	-4.440	-1.067	-6.721
Median	-0.129	0.715	4.322	5.946	-0.203	1.024	-4.300	-1.995	-5.013
StdDev	1.750	1.456	2.674	1.961	1.040	0.842	0.943	2.104	2.521
<i>Commercial</i>									
Mean	0.192	-1.120	-2.522	0.047	-3.411	-0.864	-0.325	0.371	-0.461
Median	0.034	-1.001	-2.444	-0.044	-3.425	-0.388	-0.410	0.608	-1.232
StdDev	0.657	0.597	0.394	0.617	0.398	0.861	0.629	0.573	0.111
<i>Office</i>									
Mean	-0.911	-0.763	-1.536	-0.100	-0.884	-2.381	-0.385	0.387	-1.163
Median	-1.342	-0.882	-1.851	-0.193	-1.024	-2.260	-0.510	0.789	-1.202
StdDev	1.081	0.601	0.843	0.744	0.495	0.567	1.122	0.951	0.061
<i>Industry</i>									
Mean	0.614	-1.539	-1.285	-0.549	-2.386	-1.056	0.285	0.563	-2.434
Median	0.671	-1.830	-1.371	-0.573	-2.390	-0.910	-0.016	0.727	-2.306
StdDev	0.450	0.700	0.509	0.231	0.597	0.412	0.890	0.489	0.372

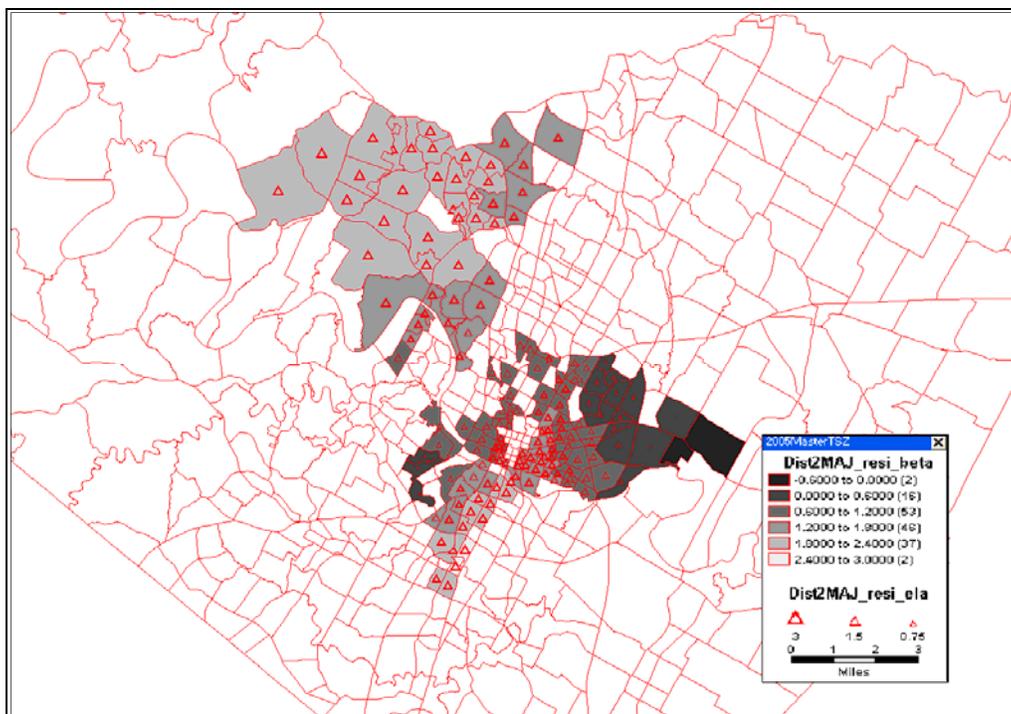
Notes: Z=1.96 (5% level, 2-tail); Z= 1.645 (10% level,2-tail).

Table 7. Summary Statistics for Covariates' Elasticity Estimates<sup>6</sup> in MNL GWR Model of Land Use Change

<i>Residential</i>	<i>DistCBD</i>	<i>DistMnrArt</i>	<i>DistMajArt</i>	<i>DistFwy</i>	<i>Slope</i>	<i>Perim-to-Area</i>	<i>Area</i>	<i>Access</i>	<i>PopDensity</i>
Mean	8.823E-03	0.192	1.763	1.224	-0.005	8.013	-4.085E-02	-0.853	-2.321
Median	-0.022	0.244	1.923	1.395	-0.006	4.285	-0.043	-1.772	-2.145
StdDev	0.291	0.407	0.883	0.451	0.037	8.434	0.013	2.557	0.342
<i>Commercial</i>									
Mean	0.088	-2.356	-9.193	-0.030	-1.354	-4.031	-4.784E-03	2.505	-1.598
Median	0.035	-1.979	-8.835	-0.038	-1.328	-8.808	-0.005	3.694	-1.452
StdDev	0.514	1.734	1.595	0.859	0.136	6.178	0.007	3.760	0.532
<i>Office</i>									
Mean	-2.188	-2.870	-9.935	0.061	-0.277	-2.068	-1.422E-02	10.181	-2.397
Median	-2.298	-3.370	-12.657	-0.324	-0.291	-2.672	-0.009	12.407	-2.125
StdDev	2.334	2.204	5.754	1.795	0.153	1.816	0.018	12.791	1.210
<i>Industry</i>									
Mean	0.788	-4.530	-6.651	-1.219	-1.289	-4.526	-1.085E-03	6.057	-3.889
Median	0.783	-4.983	-6.636	-0.884	-1.313	-6.551	0.000	6.413	-5.157
StdDev	0.594	2.642	3.586	0.911	0.146	4.897	0.004	5.289	1.390

<sup>6</sup> Elasticity measures the percentage change in the probability of choosing alternative  $j$  that is associated with 1-percentage change in the covariate  $X_k$  entering the utility function of that alternative ( $j$ ), expressed as  $E_{j,x_{nj}} = \beta_j \cdot x_{nj} \cdot (1 - P_{nj})$ . The elasticity shown for each alternative  $j$  is taken as the averaged values of individual elasticities across the various  $N$  data points:  $\frac{1}{N} \sum_{n=1}^N E_{j,x_{nj}}$ .

1 Distances to each parcel's nearest roadways also exhibit interesting impacts. Holding  
 2 everything else constant, proximity to major arterials and to freeways appears to significantly  
 3 suppress new residential development. For display purposes, coefficient estimates on  
 4 *DistMajArt* for residential and commercial uses were averaged at the TAZ level and are  
 5 presented in Figures 2 and 3. The northwestern region exhibits a remarkable tendency for  
 6 residential development to avoid major arterials, with practically significant elasticities  
 7 throughout. (Note: The magnitudes of these elasticities are in proportion to the sizing of  
 8 Figure 2's triangle symbols.) By contrast, rising *DistMajArt* (i.e., falling access to major  
 9 arterials) tends to significantly reduce a parcel's attractiveness for commercial development  
 10 in the mid-south and northwestern regions of Travis County, as shown in Figure 3. Across the  
 11 region, a 1-percent increase in *DistFwy* is estimated, on average, to increase the probability of  
 12 residential development by 1.2%, reflected by an average elasticity of 1.224, and 1-percent  
 13 increase in *DistMajArt* is estimated to increase that probability by 1.8% (thanks to an average  
 14 elasticity of 1.763).  
 15



16  
 17 Figure 2. The Impacts of Distance to Major Arterials on Residential Development  
 18 (Coefficient Estimates and Elasticities across TAZs)  
 19

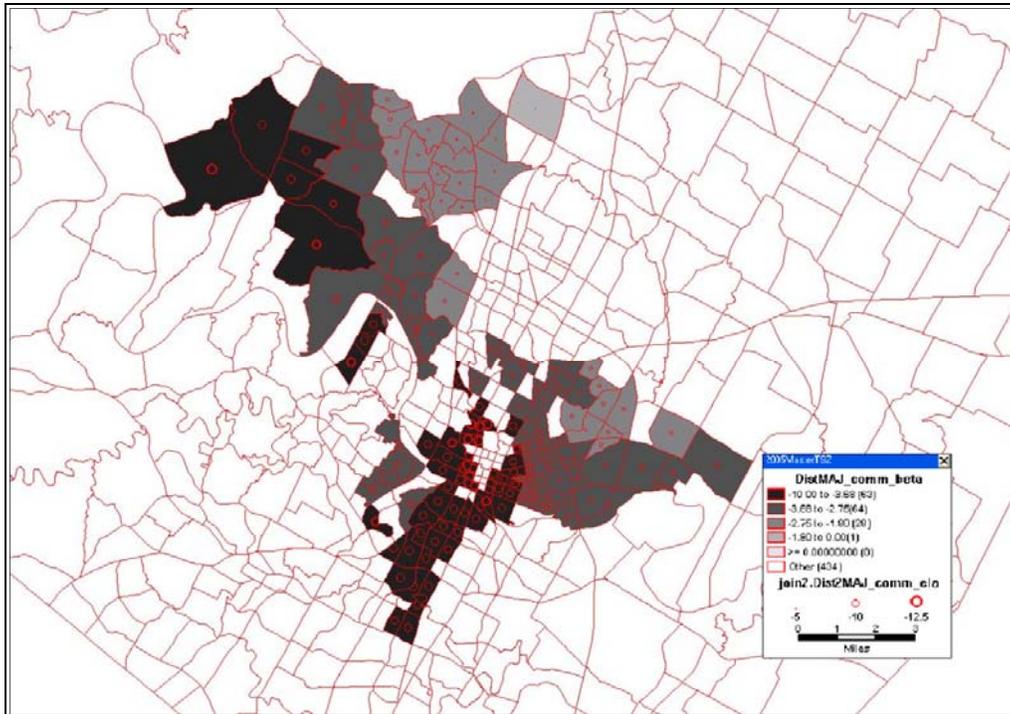


Figure 3. The Impacts of Distance to Major Arterials on Commercial Development (Coefficient Estimates and Elasticities across TAZs)

In contrast, the proximity of roads is estimated to boost the likelihood of non-residential development. For example, a 1-percent increase in *DistMajArt* is associated with a 9.0% decrease in the probability of commercial development. The median elasticity values of *DistFwy* are all negative for commercial, office, service/recreational and industrial uses, suggesting that freeway proximity is meaningful for such non-residential development, ceteris paribus. Similarly, longer distances to major arterials and minor arterials are, on average, inversely associated with commercial, office and industrial development while contributing to residential and service/recreational development<sup>7</sup>.

Soil slope tends to have a negative impact on all types of development. Individual elasticities for non-residential development types are all negative, whereas 1,301 out of 3,684 regression points exhibit positive slope elasticities on residential development (as shown in Figure 4). 120 parcels have elasticity estimates greater than 2.0, indicating that a steeper slope is considered an amenity in these locations, to a practically significant degree. Parcels near Austin's Colorado River tend to have negative slope elasticities because the waterfront region has rather dramatic slopes to begin with, so even a slight increase in this attribute can greatly increase development costs. By comparison, in areas farther away from the waterfront, a moderate increase in slope can offer some scenic benefit, thereby contributing to home development. A *squared Slope* term was also controlled for, but the added correlations resulted in non-singular Hessians for just 435 data points' neighborhood samples.

The influence of the *Perim-to-Area* variable varies across land use alternatives: positive elasticities (averaging +8.0) are estimated for residential development, while average non-

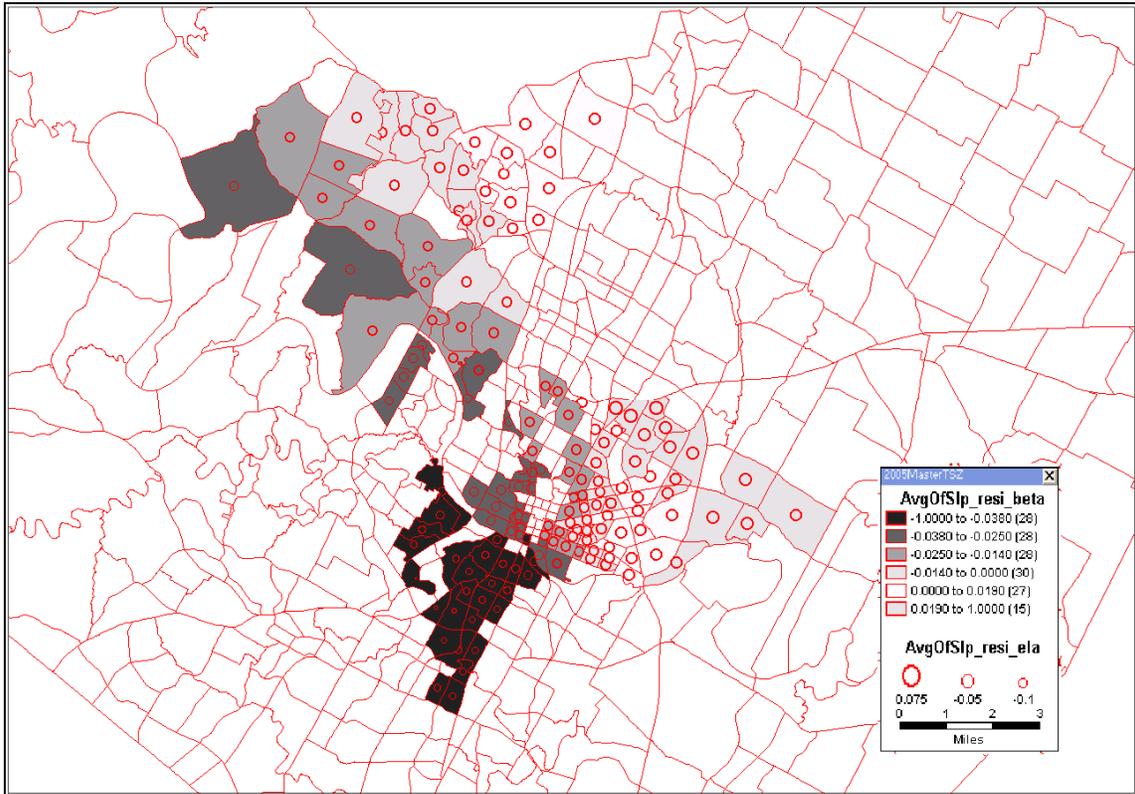
<sup>7</sup> Various recreational land uses (like golf courses and camp grounds) were categorized as the "Service-Rec" use type, which may be causing the positive elasticities of a Service-Rec land use change outcome with respect to the various roadway distance variables.

1 residential development elasticities are negative. Parcel size tends to be negatively associated  
 2 with development tendencies, but its influence is not statistically or practically significant (in  
 3 terms of t-statistics and elasticity estimates).

4

5 The logsum *Access* index is estimated, on average, to exert positive influence over  
 6 commercial, office and industrial development tendencies, while residential development  
 7 averaged negative t-statistics of -1.995, respectively (with associated median elasticity values  
 8 of -1.772).

9



10

11 Figure 4. The Impacts of Slope on Residential Development (Coefficient Estimates and  
 12 Elasticities across TAZs)

13

14 **Results of the Binary GWR Probit and SAR Probit Models**

15 To avoid the issue of a singular or near-singular Hessian around roughly half the data points  
 16 in the primary data set, all five developed land uses were collapsed, allowing for a simpler  
 17 binary specification of land use outcomes in 2008. The likelihood function for a GWR binary  
 18 probit model is formulated as follows (LeSage 1999):

19

$$20 \ln L = \sum_{n=1}^N w_{in} [(y_n \ln \Phi(x_n' \beta_i) + (1 - y_n) \ln (\Phi(-x_n' \beta_i)))] \quad (10)$$

21 where  $y_n = 1$  (for developed land uses), if  $y_n = x_n \beta + \varepsilon_n > 0$ , and 0 otherwise. Table 8  
 22 summarizes variations in all parameter estimates, their associated t-statistics, and the model's  
 23 (adjusted) pseudo-R-square values, as run on all 7,951 data points.

24

25 Given the fact that the majority of developments, if any, are residential in nature, the results  
 26 of the binary GWR estimates, shown in Table 8, are largely the same as the results for the  
 27 residential alternative in the MNL GWR case.

28

Table 8. Summary Statistics of Parameter Estimates, T-Statistics and Adjusted Pseudo-R-Square Values of Binary Probit GWR Model

	<i>Constant</i>	<i>DistCBD</i>	<i>DistMnrArt</i>	<i>DistMajArt</i>	<i>DistFwy</i>	<i>Slope</i>	<i>Access</i>	<i>Perim-to-Area</i>	<i>Area</i>	Pseudo-R <sup>2</sup> <sub>adj</sub>
Min	-3.89 (-7.48)	-0.29 (-5.88)	-0.84 (-6.29)	-0.81 (-3.10)	-0.27 (-3.51)	-0.14 (-7.58)	-2.99 (-10.6)	-3.79 (-2.47)	-0.033 (-4.62)	0.23
Max	18.75 (9.97)	0.30 (10.55)	0.93 (5.88)	2.93 (10.96)	0.91 (9.60)	0.02 (1.19)	0.20 (2.78)	31.81 (12.11)	0.002 (0.57)	0.25
Mean	1.07 (0.51)	0.02 (1.48)	-0.01 (-0.39)	0.71 (3.88)	0.36 (4.07)	-0.04 (-2.47)	-0.36 (-3.57)	9.18 (4.12)	-0.004 (-1.79)	0.24
Median	0.69 (1.46)	0.04 (1.07)	-0.04 (-0.42)	0.59 (3.66)	0.44 (4.78)	-0.04 (-2.62)	-0.20 (-3.49)	6.74 (3.56)	-0.002 (-1.48)	0.24
StdDev	3.04 (3.72)	0.12 (4.09)	0.20 (2.27)	0.64 (3.06)	0.23 (2.42)	0.04 (1.95)	0.45 (2.68)	9.22 (3.69)	0.004 (1.05)	0.01
Average AIC: 5,100										

Notes: Numbers in parentheses are t-statistics.

The standard SAR model specification (LeSage and Pace 2009) is as follows:

$$y = \rho W y + \alpha \iota_n + X \beta + \varepsilon \quad (12)$$

where  $y$  is an  $n$  by 1 vector of (continuous) response variables (such as home values),  $\rho$  is a scalar measuring the degree of spatial autocorrelation,  $W$  represents an  $n$  by  $n$  spatial-weight matrix,  $\iota_n$  is an  $n$  by 1 vector of ones ( $\alpha$  is the parameter for this constant terms), and  $X$  is an  $n$  by  $K$  matrix of covariate attributes. The error term,  $\varepsilon$ , is assumed to follow an iid normal distribution,  $N(0, \sigma_\varepsilon^2 I_n)$ . For a binary probit variation of this standard SAR model, a latent variable  $y^*$  is introduced in place of  $y$ , and actual discrete outcome  $y$  equals 1 if  $y^* > 0$  and 0 otherwise (Ozturk and Irwin 2001, Lacombe et al. 2009, Hoshino 2009).

Parameter estimates can be conducted using maximum likelihood estimation (MLE) methods. But LeSage and Pace (2009) find that MLE is subject to computational difficulties; they cited findings from Beron and Vijverberg (2000), reporting that their SAR probit application experienced estimation times on the order of “hours” – for just a 49-observation problem. Thus, estimation was achieved here using the Bayesian procedure proposed by LeSage and Pace (2009). Table 9 presents these results, where  $y$  equals 0 for parcels remaining in undeveloped status, and 1 once developed (including residential, commercial, service/recreational, office and industrial uses).

Table 9. Results of SAR Binary Probit Model for Parcel Development

<i>Variable</i>	<i>Coefficient</i>	<i>StdDev</i>	<i>p-value</i>
<i>Constant</i>	-0.881	1.157	0.227
<i>DistCBD</i>	0.070	0.020	0.000
<i>DistMnrArt</i>	-0.119	0.033	0.000
<i>DistMajArt</i>	0.346	0.093	0.000
<i>DistFwy</i>	0.040	0.039	0.168
<i>Slope</i>	-0.019	0.008	0.011
<i>Access</i>	0.053	0.390	0.449
<i>Perim-to-Area</i>	7.602	1.276	0.000
<i>Area</i>	-0.010	0.005	0.040
$\rho$	0.273	0.028	0.002
AIC= 5,468.4			

Parameter estimates of the SAR probit model highly resemble those of the probit GWR in this binary set-up. However, distance to freeway and accessibility lost significance in the SAR specification while having remarkable t statistics in the GWR model. The estimate of the spatial parameter,  $\rho$ , is 0.273, indicating a relatively weak spatial autocorrelation. In addition, the GWR probit model yields a lower AIC than the SAR probit (when modeling the developed/undeveloped response), suggesting a better fit for the far more flexible GWR technique, as one might well expect. While the SAR approach greatly simplifies interpretation, much of the spatial relationship comes down to a single parameter,  $\rho$ . The GWR method allows for local regressions, thus accommodating a variety of potential spatial variations. However, GWR methods do not offer a single interpretation on the effect of variables and can make model

1 application to new locations (where a local regression has not been performed) challenging if not  
2 impossible.

## 3 4 **CONCLUSIONS**

5  
6 This paper applied GWR techniques to Travis County data in Texas, yielding a series of 33,912  
7 and 29,812 MNL model runs for models of physical/shape change and land use change,  
8 respectively. The first model was used to analyze parcels' merging and subdivision activity  
9 between 2003 and 2008, while the latter was used to anticipate land use change (from an  
10 undeveloped state) across five use categories over the same time period. The nearest 1,000  
11 neighboring points were used in each case, with a weight matrix based on the tri-cube weighting  
12 specification. To counter the identification problems emerging from Hessian inversions due to  
13 heavily biased response (in land use outcomes), all developed land use types were later collapsed  
14 into one category, allowing for comparison of a binary SAR probit's and a GWR probit's  
15 outputs.

16  
17 The results from the 5-level MNL GWR model of land use change indicate a spatial interesting  
18 pattern of various covariates' influence on land use development. Proximity to the region's CBD  
19 tends to have a positive impact on the development office space, with an average elasticity of  
20 2.2, but reduce the likelihood of undeveloped parcels becoming residential, commercial or  
21 industrial in nature, everything else constant.

22  
23 Distances to the three types of roadways were estimated to exert varying influences. For  
24 example, residential development exhibits a tendency to avoid proximity to freeways and major  
25 arterials in these data: a 1-percent increase in distances to these is estimated, on average, to  
26 increase the probability of residential development by 1.2% and 1.8%, respectively. In contrast,  
27 non-residential developments tend to cluster around these transportation facilities. Soil slope was  
28 found to be reduce the likelihood of non-residential development, as reflected in uniformly  
29 negative elasticities for the non-residential alternatives. However, in some areas, a steeper slope  
30 is considered an amenity by home developers (presumably for scenic reasons), as reflected by  
31 the positive and practically significant elasticities for about 4-percent of data points.

32  
33 Coefficient estimates from the probit SAR model highly resemble those of the probit GWR  
34 model (for binary response). But *DistFwy* and *Access*, with t-statistics of 4.07 and -3.57 in the  
35 GWR model, do not seem to be significant in the SAR model. The probit GWR model's average  
36 AIC was lower than that for the probit SAR model, which suggests that local regression tends to  
37 better account for spatial variation than spatial autoregressive processes (which heavily rely on a  
38 single spatial parameter,  $\rho$ ). In conclusion, the binary-probit GWR model seems to surpass the  
39 binary-probit SAR model in anticipating development. A comparison between such methods  
40 (GWR and SAR) in a multinomial setting is of interest, and hopefully methods and code will  
41 eventually exist to estimate the SAR version for large-scale data sets like those used here. It also  
42 would be useful to exhaustively or strategically search for more optimal  $N$  values (to determine  
43 the nearest-neighbor rule), and to work with discrete-response spatial data sets of various types  
44 (e.g., soil types, vehicle-type choices, and vegetative cover types).

1 As noted, the model results can be applied in a variety of ways, for various estimates of interest.  
2 For example, (hypothetically) increasing all undeveloped parcel sizes by one-quarter acre is  
3 estimated to result in a 14 percent reduction of newly developed parcels (from the observed  
4 value of 15,004 transitions to 12,903), over the 5-year period. Simply a two-percent decrease in  
5 all parcels' distances to freeways, major arterials and then minor arterials, separately/in turn, is  
6 predicted to result in 16, 15, and 14 percent reductions (in all undeveloped parcels' developing),  
7 respectively.

8  
9 In general, the results of this work suggest that GWR-facilitated local-area regressions can work  
10 reasonably well with spatially rich, discrete-response data sets, such as those found across  
11 regions at the parcel level. The GWR MNL model used here appears to capture a variety of  
12 behaviors. Such methods offer planners and modellers the potential for interesting longer-run,  
13 dynamic predictions, thereby facilitating transportation and land use planning and policy  
14 evaluations.

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17  
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