

Sustainability preference is often measured at the individual level. However, it is questionable whether individual sustainability preferences can manifest in a competitive asset market setting, whether they influence asset prices, and whether investors seek to generate social impact through investments. To address these issues, we conduct a series of experiments, measuring sustainability preference at both the individual and market levels. In our market experiments, investors may accept lower payoffs for assets that yield positive externalities (green) compared to those with neutral (grey) or negative (brown) externalities. We observe a dual pattern: while green assets are hardly over-priced, investors consistently demonstrate an aversion to brown assets, leading to significant underpricing - a "Brown Discount". When we eliminate speculative incentives through a 100% capital gains tax, even the minimal overpricing of green assets disappears, suggesting that any observed green premium is driven by speculative motives rather than pure sustainability preference.