ABSTRACT

Hedonic regression model has been widely used in other countries in an attempt to understand the micro variables influencing the housing prices. There is an abundant literature in different forms but with the same underlying techniques of using hedonic regression to create models. Hence, this paper attempts to adopt the hedonic house pricing with multiple regression in different states of Malaysia. In addition, this study investigates the macro economic variables to determine its relationship to the Housing Price Index. This paper uses the extensive data set available from the published reports of Jabatan Penilaian dan Perkhidmatan Harta and Bank Negara Malaysia Statistics. On the surface of it, this research looks simple but is actually full of challenges to overcome. The mean price has been adopted as the transaction value of housing price. A total of ten states with ninety-seven districts and eight types of houses over seven years quarterly periods were used in the data set of micro variables. The results confirmed that Malaysians prefer superior residential housing units over the inferior types. The encouraging results of this study showed that the housing attributes can significantly explain for the changes in housing prices and can be used in hedonic regression model to estimate the housing price. However, the results from the macro economic analysis were mixed. This study will be useful for property investors and managers especially in financial decision making and risk management process.

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