

Multiple regressions in analyzing house price variations

Abstract

An application of rigorous statistical analysis in aiding investment decision making gains momentum in the United States of America as well as the United Kingdom. Nonetheless in Malaysia the responses from the local academician are rather slow and the rate is even slower as far as the practitioners are concern. This paper illustrates how Multiple Regression Analysis (MRA) and its extension, Hedonic Regression Analysis been used in explaining price variation for selected houses in Malaysia. Each attribute that theoretically identified as price determinant is priced and the perceived contribution of each is explicitly shown. The paper demonstrates how the statistical analysis is capable of analyzing property investment by considering multiple determinants. The consideration of various characteristics which is more rigorous enables better investment decision making.