

Document details

< Back to results | 1 of 1

Export Download Print E-mail Save to PDF Add to List More... >

Full Text View at Publisher

Developing Economies
Volume 56, Issue 4, December 2018, Pages 245-266

Speculative Behavior in Vacant Land Development: Evidence for Real Options in Malaysia (Article)

Razak, M.Z.^a, Khalid, H.^b, Mohamad, A.^c ✉

^aFinancial Mathematics Programme, Faculty of Science and Technology, Universiti Sains Islam Malaysia, Nilai, Malaysia
^bDepartment of Economics, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, Kuala Lumpur, Malaysia
^cDepartment of Finance, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, Kuala Lumpur, Malaysia

Abstract

View references (43)

The development of vacant land may be seen from a real options perspective—owners of vacant land have the incentive to delay developing the land and keep their options open (keep the lands undeveloped) if they believe that future development will yield higher value. We investigate whether there is speculative behavior with regard to vacant land development in Malaysia. Using samples of 254 vacant plots of lands and 3,681 houses in Selangor, Malaysia, we find that the option premium for vacant lands ranges from 8% to 20% across all areas in Selangor. We posit that the higher option premium for vacant lands is the result of a higher level of speculation by landowners. We also find that, while the option value increases, the intrinsic value reduces the market price of the vacant land. Our findings are indicative of speculative behavior by the owners of vacant land in Malaysia. © 2018 Institute of

Metrics

0 Citations in Scopus

0 Field-Weighted Citation Impact

PlumX Metrics
Usage, Captures, Mentions, Social Media and Citations beyond Scopus.

Cited by 0 documents

Inform me when this document is cited in Scopus:

Set citation alert > Set citation feed >

Show all x

ISSN: 00121533
Source Type: Journal
Original language: English

DOI: 10.1111/deve.12184
Document Type: Article
Publisher: Blackwell Publishing Ltd

Ken, H., Xia, G.
(2008) *Tumu Gongcheng Xuebao/China Civil Engineering Journal*

View all related documents based on references

Find more related documents in Scopus based on:

Authors > Keywords >

References (43) View in search results format >

All Export Print E-mail Save to PDF Create bibliography

- 1 Manaf, A.A., Er, A.C., Ismail, O., Lyndon, N., Sivapalan, S., Hussain, M.Y., Saad, S., (...), Fuad, M.J.
Property market efficiency: Developed or vacant property (Open Access)

(2013) *Asian Social Science*, 9 (14 SPL), pp. 63-69.
<http://www.ccsenet.org/journal/index.php/ass/article/download/31188/18245>
doi: 10.5539/ass.v9n14p63

[View at Publisher](#)

- 2 Bentick, B.L.
Improving the Allocation of Land Between Speculators and Users:Taxation and Paper Land

(1972) *Economic Record*, 48 (1), pp. 18-41. Cited 14 times.
doi: 10.1111/j.1475-4932.1972.tb01534.x

[View at Publisher](#)

- 3 Bernanke, B.S.
Irreversibility, uncertainty, and cyclical investment

(1983) *Quarterly Journal of Economics*, 98 (1), pp. 85-106. Cited 743 times.
http://www.oxfordjournals.org/our_journals/qje/
doi: 10.2307/1885568

