

## Determination of location factor on the rental value of business lot in shopping mall using Ordinary Least Squares (OLS) technique

### ABSTRACT

Shopping mall is one of the commercial properties which had a high rental value. This happen because of various factors and one of them is location. In Sabah, there are many shopping malls that have been developed. Among them are Wisma Merdeka, which is one of the oldest shopping malls in Kota Kinabalu city. However, Wisma Merdeka has a relatively high rental value when compared to other shopping complexes around Kota Kinabalu. Therefore, this study aims to identify factors in assessing the rental value by using GIS technology and spatial statistical model. Location factor has always been the main reason influencing the rental value of commercial properties. To get a precise valuation of store rental, it can be determine using the spatial statistics method. This paper aims to study the relationship between the rental value of business lot in a mall and the influence of internal location factor in a mall using Ordinary Least Squares (OLS) technique. OLS technique has been used in this paper where OLS is a multiple regression method that is widely used for viewing the spatial relationship globally. OLS able to show the correlation between the rental value and the variable of location factor through the results of the analysis shown. Furthermore, the network analysis is applied using Geographic Information System (GIS) technology to obtain the business lot distances with the independent variables needed. Among the independent variables studied are the position of the business lot, business lot level, distance from the main entrance, distance from the second entrance, distance from the escalator, distance from the lifting machine, distance from the toilet and the distance from the main tenant. The results show that the position and the placement level of a business lot have a significant effect on the change in rental value with p-value less than 0.05. Meanwhile, other factors such as the distance from the lifts, eskalator, toilets, main entrance, second entrance and distance from the anchor tenant do not show a significant relationship in affecting the rental value at Wisma Merdeka. In conclusion, generally the OLS technique can indicate the influence of location on the rental value of a business lot. However, there are other spatial statistics method can be use for future evaluation purposes.