

HEDONIC ANALYSIS OF IMPLICIT VALUES OF HOUSING ATTRIBUTES IN SRI LANKA: A CASE STUDY FROM MAHARAGAMA

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While many studies generally focused on assessing location based attributes for the price determination of the single housing price, recent studies suggest that there is a growing concern on non-location attributes. Yet, identifying the valuation of housing attributes, their relationships and the level of influence have poorly understood in planning and property development fields in Sri Lanka. This paper attempts to address the gap by using hedonic analysis as a first step to develop an appropriate statistical tool. This study is based on an analysis of structural, location and neighbourhood characteristics of fifty (50) single house transactions conducting a questionnaire survey in Maharagama Urban Council. First, the Step wise multiple regression analysis was used to identify the most significant attributes. Second, hedonic pricing model was developed based on the identified attributes to assess the implicit value of housing attributes. The results provide strong evidence that structural attributes, such as architectural design, garden size, number of bed rooms, age of the property are found to be significant. In addition, structural attributes such as minimum access to the local roads, access to the quality of infrastructure as location attributes have similar effects (significant level < 0.05) on housing prices. The analysis shows the relatively high co-efficiency of determination (R^2) value as 87 %. The study confirms that hedonic price approach can be used to assess the implicit values of housing attributes which has similar urban characters that of Maharagama area. The output of this empirical study will be helpful to the planners, decision makers and property developers for their investment and location decisions.

Keywords: Hedonic analysis, Housing attributes, Implicit value