

Factors Affecting House-prices: A Study of House-owners in Bhubaneswar Using the Hedonic Pricing Model

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Abstract

This research paper applies the Hedonic Pricing Model (HPM) method to identify the critical factors that affect the value of houses and construct a valuation model that can reliably predict the value of houses. By using the hedonic pricing model, it was found that the attributes such as location and nearby amenities have a significant impact on the price of houses. The data was collected through a survey revolving respondents involved with housing projects in the Bhubaneswar Municipal Corporation. The sample consisted of 221 individuals who have recently purchased a residential plot or apartment in Smart City Bhubaneswar or who intended to do so. The reliability of the survey instrument was tested using Cronbach's alpha, and the data was analyzed using Regression analysis. The study reveals that structural attributes such as number of bedrooms, bathrooms, kitchens, and garage and storage facilities have a positive influence on the price of houses. In case of locational characteristics; distance from market, and workplace, and the availability of transportation facilities are statistically significant. And finally, about the neighborhood attributes; proximity to school, medical services and rate of crime in the locality has a strong influence on house prices. The tests have shown that the hedonic pricing model is a reliable and trustworthy way to estimate the value of a house.

Key Words

Bhubaneswar, Hedonic pricing model, Housing projects, Land valuation, Real estate, Regression

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