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Hedonic Analysis Of Factors Affecting Rent: A Case Of High-Rise Apartments In Thiruvananthapuram

The 2011 Census shows that India has a supply of 11.1 million vacant homes in urban areas. Even though our country is in the midst of rapid urbanization and rural-urban migration, a large number of newer real estate properties in urban areas seems to have no takers. Instead of wasting valuable resources to increase supply while demand is low, it is necessary to understand what drives people to invest or stay away from the real estate market. Hedonic Price Method (HPM), more commonly known as hedonic regression, is a statistical method used for estimating the value or demand of a commodity and has been widely used in real estate and housing market research. The theory is that every commodity is characterized by its constituent properties or attributes and that the value of the commodity can be calculated by adding up the estimated values of its separate properties. In real estate those properties have been found to be a combination of structural, neighbourhood and location-based attributes. This study aims to take a closer look at the real estate market at Trivandrum City, where there are vacant properties even though there is a high in-migration due to presence of major industries in the area. The study specifically looks at the case of rental apartments in the study area, using personal and online surveys to gather data while HPM is used to determine economic values of properties affecting rent value.

Keywords: Hedonic Price Method, housing, apartment rent, urban planning, Kerala