Author's Accepted Manuscript

www.elsevier.com

Disaggregated Property Price Appreciation: The Mixed Repeat Sales Model

Daniel Melser

PII: S0166-0462(16)30132-6
DOI: http://dx.doi.org/10.1016/j.regsciurbeco.2017.05.007
Reference: REGEC3265

To appear in: *Regional Science and Urban Economics*

Received date: 3 August 2016
Revised date: 12 May 2017
Accepted date: 23 May 2017

Cite this article as: Daniel Melser, Disaggregated Property Price Appreciation The Mixed Repeat Sales Model, *Regional Science and Urban Economics* http://dx.doi.org/10.1016/j.regsciurbeco.2017.05.007

This is a PDF file of an unedited manuscript that has been accepted fo publication. As a service to our customers we are providing this early version o the manuscript. The manuscript will undergo copyediting, typesetting, an review of the resulting galley proof before it is published in its final citable form Please note that during the production process errors may be discovered whic could affect the content, and all legal disclaimers that apply to the journal pertain

ACCEPTED MANUSCRIPT

Disaggregated Property Price Appreciation: The Mixed Repeat Sales Model

Daniel Melser
Monash University
Department of Econometrics and Business Statistics
Wellington Rd., Clayton
VIC 3800
Australia
Email: daniel.melser@monash.edu
Phone: (+61 3) 9905 2964

Accepted manuscript

Draft: May 30, 2017*

Abstract: Real estate is, by its nature, a highly heterogeneous asset class with most investors owning a single property rather than a diversified portfolio. As a result their returns are likely to reflect not only the overall dynamics of the asset class but also the way these interact with the unique features of the property. Yet the way that property characteristics influence price dynamics is not well measured or understood. We propose a Mixed Repeat Sales (MRS) model which allows for the nature of the asset to influence price dynamics. This is illustrated empirically using a large data set for the state of New South Wales in Australia (of which Sydney city is the capital) from 2000-2014. The MRS approach enables us to estimate returns at a disaggregated level based upon property characteristics. We find significant dispersion in appreciation rates across locations and that returns were higher for separate houses compared with both apartments and attached houses. However, the size of the dwelling, reflected in the number of bedrooms and bathrooms, and the land area play a lesser role in price developments.

Keywords: Repeat sales index; price index; real estate; mixed model.

JEL Classification Codes: C43, E31, R30.

*The author is grateful for comments received from the editor, Daniel McMillen, and two anonymous referees during the review process which greatly improved the article. All remaining errors are my own.

Download English Version:

https://daneshyari.com/en/article/5103704

Download Persian Version:

https://daneshyari.com/article/5103704

Daneshyari.com