

A Study on Inference from Distance Variables in Hedonic Regression

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Abstract : In urban area, several landmarks may affect housing price and rents, hedonic analysis should employ distance variables corresponding to each landmarks. Unfortunately, the effects of distances to landmarks on housing prices are generally not consistent with the true price. These distance variables may cause magnitude error in regression, pointing a problem of spatial multicollinearity. In this paper, we provided some approaches for getting the samples with less bias and method on locating the specific sampling area to avoid the multicollinerity problem in two specific landmarks case.

Keywords : landmarks, hedonic regression, distance variables, collinearity, multicollinerity

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