

[DOI: 10.20472/IAC.2018.039.031](https://doi.org/10.20472/IAC.2018.039.031)

ORCUN MORALI

Bogazici University, Turkey

NESLIHAN YILMAZ

Bogazici University, Turkey

ANALYSIS OF SPATIAL DEPENDENCE IN REAL ESTATE PRICES: EVIDENCE FROM AN EMERGING MARKET

Abstract:

Real estate properties are naturally location-fixed, therefore, a spatial dependence is expected. When location-specific factors persist over time, spatial autocorrelation is likely to exist in a hedonic pricing regression. Spatial autocorrelation causes problems in the interpretation of the regression results due to inefficient estimators or complex models. The focus of this study is to identify and test the determinants of spatial dependence in the real estate market. Using a novel data set, our study contributes to the literature as we identify the specific spatial dependence factors through the analysis of different types of housing markets and extend the literature to an emerging market.

Keywords:

Real estate, Spatial Autocorrelation, Emerging Markets

JEL Classification: G19

This work is supported by Bogazici University Research Grant No: 12821