

Hedonic Regression Models for Tokyo Condominium Sales

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Paper Abstract:

The paper fits a hedonic regression model to the sales of condominium units in Tokyo over the period 2000-2015. The problem is complicated by the need to decompose the selling price of a unit into a component that can be attributed to the structure area of the unit and another component that can be attributed to the unit's share of land value. There is very little information on the value of condominium land and so this paper develops a methodology for reducing this knowledge gap. The paper extends the builder's model which was developed in Eurostat (2013). Characteristics which prove to be important in explaining condominium prices are: the floor space area of the unit, the total land area of the building, the number of units in the building, the total number of stories in the building, the height of the sold unit, the age of the structure and the amount of excess land. The paper also derives an estimate for the annual geometric structure depreciation rate for condominiums in Tokyo.