

Analysing Housing Prices in Metropolitan Areas of India

Introduction:

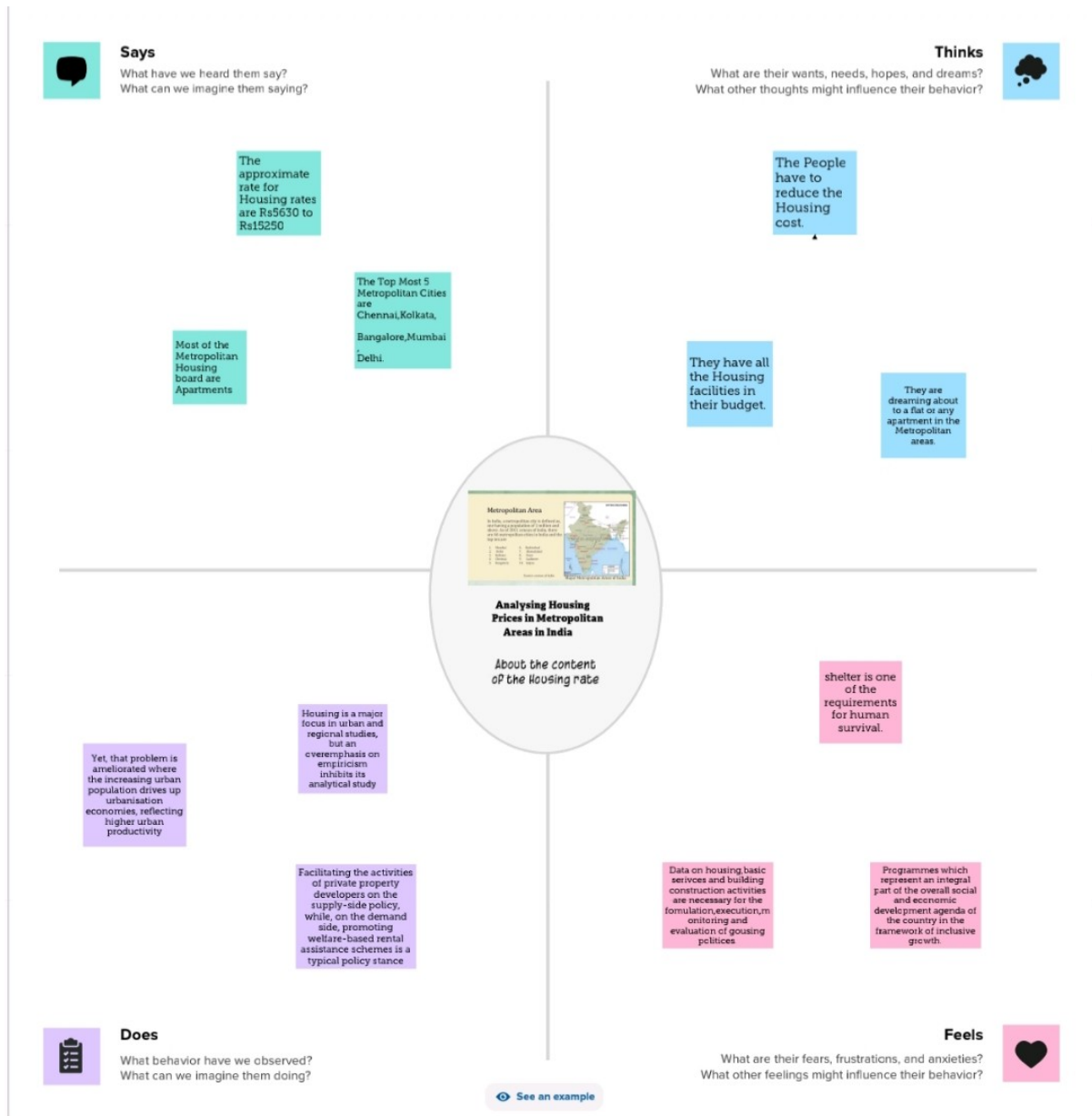
Since the inception of the theory and idea of development, the common feature that emerged in different point of time is the developmental gap that emerged in different parts of the world and also among various parts of a country in a particular time period. This disparity in development, like many other indicators, has also been reflected in India. Traditional development theories believed that agriculture, industrialisation, urbanisation, are significant ingredients of growth, and, ultimately important prerequisites for achieving development. Within the economy itself, the status of growth of a state can be judged through its performance in agricultural and industrial production, performance of service sector and urbanisation, and their impact through their contribution in income and employment generation at the national level. Thus, house price behaviour may also reflect some short of developmental status of the households of a country.

House Price Determination: Theoretical Aspects

The standard price behaviour of a good or its close substitute reveals the same price movements and they generally vary within a price range, when they are sold at markets located at different places (Shepherd, 1997; Lipczynski et al., 2005). Two houses in two different locations are believed to be sold within the same market, if house prices in one location impose a competitive constraint on house prices in the other location (Motta, 2004; Carlton and Perloff, 2005). For example, whether a home owner is free to set the price of his house in, say, Kolkata without any difficulty that may occur from the house going to be sold in Delhi or in Mumbai or in any other city in the country. Here, two different situations may arise. In the first situation, the home owner in Kolkata may face problem in setting a competitive price of his house. In the second situation, he may not face the same and can freely set the price of his house. If situation one arises, then it will imply that residential house market in Kolkata is an integrated part of the single house market prevailing in the country and there exists less scope of price fluctuation in the long run. Therefore, LOOP holds when the housing market is single and not segmented, and their absolute prices should converge.

Problem Definition & Design Thinking:

2.1 Empathy Map:



2.2 Ideation & Brainstorming Map:

Brainstorm & idea prioritization

1. Brainstorming
 - Brainstorming: A group of people generate ideas for a specific problem or project.
 - Mind mapping: A diagram showing a central concept with related ideas branching out.
 - Affinity diagram: A diagram showing ideas grouped into categories.
 - SWOT analysis: A strategic planning tool that identifies strengths, weaknesses, opportunities, and threats.

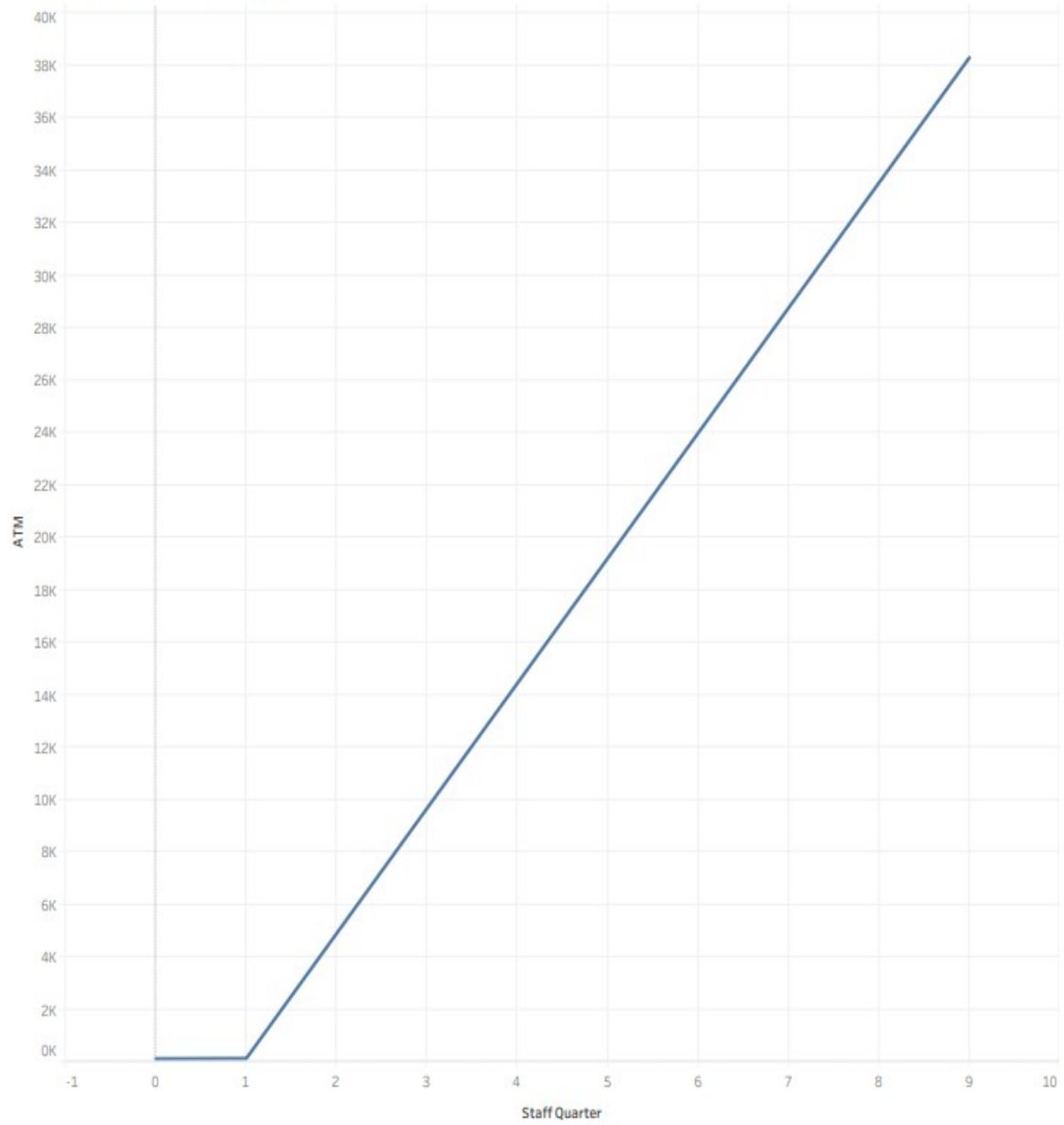
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RESULT:

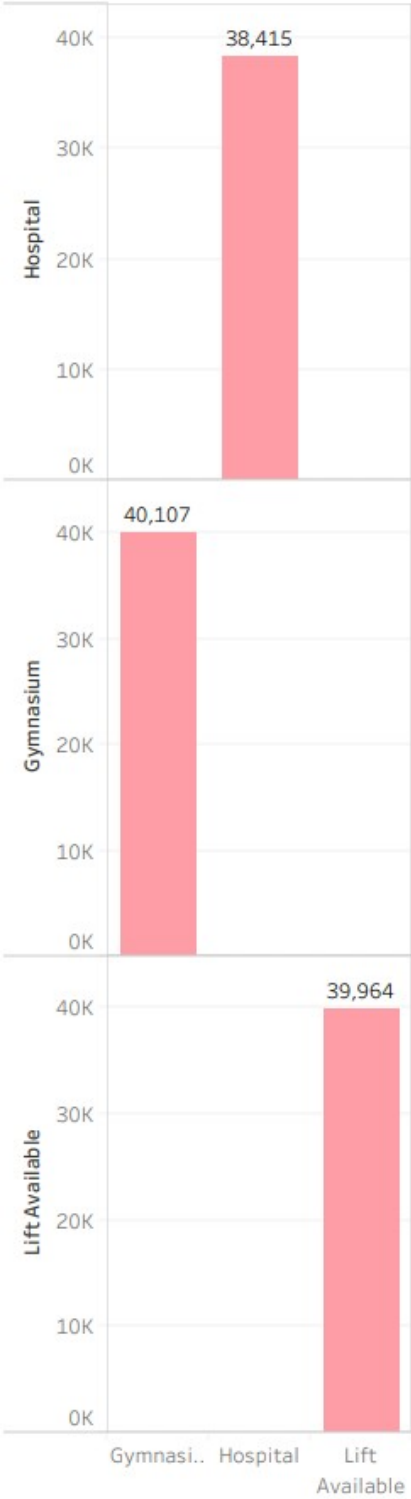
Staff Quarter and sum(ATM)



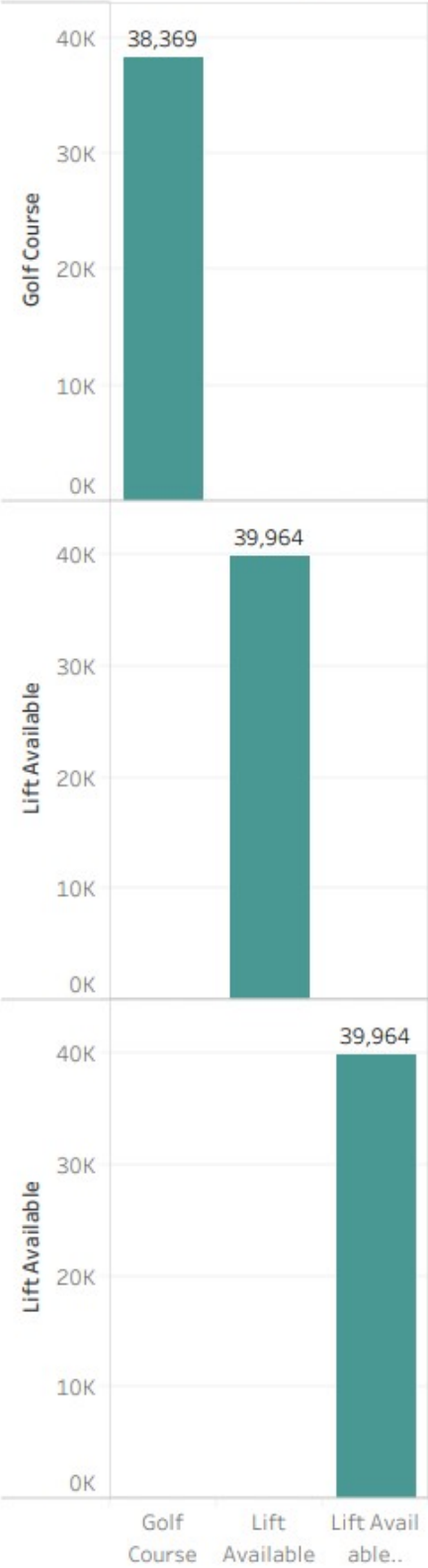
SUM(BED) and SUM(Dining Table)



Measure Names and SUM(Hospital)



Measure Names and
SUM(Golf Course)



Staff Quarter and Location



ADVANTAGES:

Hedonic price modelling is based mainly on Lancaster's consumer behaviour theory, which argues that it is not the good itself that creates utility but its individual characteristics (Lancaster, [Citation1966](#)).

Hedonic price modelling estimates the demand for a good by considering the revealed preferences. Housing in particular is a multidimensional heterogeneous good (Bourne, [Citation1981](#)).

Housing characteristics can be divided into three sets: the dwelling's characteristics, the neighbourhood characteristics and the accessibility characteristics. The last two may also be combined as locational characteristics. Due to the spatial immobility of dwellings, locational characteristics are highly important.

DISADVANTAGES:

Accessibility as a concept that is used in different contexts and research fields and thus is defined numerous different ways.

According to Geurs and van Wee ([Citation2004](#)), accessibility is based on a structure of effects whose

components consist of land use, the transport system, the time resources and the individual resources of a particular person.

Accessibility therefore links a dwelling to the surrounding or city-/region-wide land-uses, the transport systems and the locations for different activities.

APPLICATION

The clear definition of the product is required to compare the products sold at different locations (Burger and Van Rensburg, 2008; Gupta and Das, 2008; Das et al., 2010).

Hence, the paper concentrates on the price of residential properties which has been taken from the National Housing Bank (NHB) in the form of index.

Unlike the South African house prices that have been captured for various categories of houses (Burger and Van Rensburg, 2008; Das et al., 2010), this study rely on simple house price index created only for the residential houses.

The NHB pilot study was conducted primarily in five large cities (Delhi, Mumbai, Kolkata, Bengaluru and Bhopal) covering various regions of India.

Later, it has been extended to ten more cities (Ahmedabad, Faridabad, Chennai, Kochi, Hyderabad, Jaipur, Patna, Lucknow, Pune and Surat) for larger representation of the residential housing

Conclusion:

This paper analyzes whether the Law of One Price (LOOP) holds in the housing market of fifteen metropolitan areas in India, namely Delhi, Mumbai, Bengaluru, Kolkata, Chennai, Jaipur, Lucknow, Hyderabad, Pune, Surat, Ahmedabad, Patna, Faridabad, Kochi and Bhopal.

APPENDIX

INTRODUCTION

https://www.researchgate.net/publication/239809956_Metropolitan_House_Prices_in_India_Do_They_Converge

ADVANTAGES

<https://www.tandfonline.com/doi/full/10.1080/21650020.2019.1704429>

DISADVANTAGES

<https://www.tandfonline.com/doi/full/10.1080/21650020.2019.1704429>

APPLICATION

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CONCLUSION

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