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Prediction of Apartment Prices at Södermalm - A Regression Analysis

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Abstract

The main aim of this study is to investigate the factors that have a potential influence on the final selling price of apartments. The use of multiple linear regression and a number of transformations will result in finding an informative model that describes if and how the predictor variables studied influence the response variable of final selling price of apartments. The predictive ability of the models chosen will be investigated in the hope of using the final model for future predictive purposes of selling prices. The study has been limited to investigating the area of Södermalm in Stockholm, Sweden and the final conclusions can be applied to this area only. The final model that best fit the data included a use of log transformations on the response variable and one of the predictor variables. The variable with the most influence on the selling price of apartments was, as suspected, the area of the apartment. Variables that showed non-significant within the final model were regarding the brokerage company used as well as during which season the apartment was listed on the market.

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