

## **Modeling the commercial property value using Ordinary Least Squared (OLS): a case study of Putatan, Sabah and Limbang, Sarawak**

### **ABSTRACT**

Real Estate is an asset that provides profitable investment in return. Commercial property constitutes an important part of the real estate sector. In valuing commercial property, rental value is an essential component for valuers in applying valuation methods. Determining the rental value usually a difficult process as it involves a lot of influence factors. There are various factors that can be used but not the same for every commercial property. Therefore, this paper shows the modeling valuation comparison between two commercial property areas of Putatan and Limbang that represent the outskirts of the city in Sabah and Sarawak respectively. The purpose of this study is to find an effective approach to develop a suitable model for commercial property valuation using OLS and subsequently intends to identify factors that influence the commercial properties for both study areas. The OLS technique was used for this study to develop the property valuation model in Putatan and Limbang. The outcome shows that both study areas can be modeled using OLS for property valuation using similar factors but the Limbang area produced higher accuracy than Putatan based on the adjusted R<sup>2</sup> value. However, in terms of the significant of the property value influence factors, both Limbang and Putatan produced different significant factors. Thus, it shows that most of the outskirts city commercial property valuation must be modeled using different influence factors. The model will benefit the local authorities, especially for commercial property valuation. Ultimately, revaluation also can be done easily with low cost, less time and few people needed for this approach.