Research project – Week two

Student Name

Institution Name

Background information

The decline in the prices of homes was one of the triggers of the financial crisis that the US experienced in 2007 and 2008. The prices plunged by more than 35% average resulting in a contracted US economy. Since then, the Federal Reserve and government agencies created a revival plan aimed at reviving the prices and sales of the homes in the US markets (Blinder, 2013). For instance, the Federal Reserve lowered the rates of interests as a measure of reviving the housing sector. With the interventions, cash buyers and investment firms were the first to venture back into the housing markets before the low mortgage house buyers returned. This resulted in job creation, improved the confidence of investors, and encouraged organic sales. The resurgence in demand for houses contributed to the home prices rising by 13% in 2013 (Blinder, 2013). However, the growth was muted in early 2014 before the recovery continued slowly towards the end of 2014. The trend in the growth of home prices indicates that the slowed growth will continue until the end of the first quarter.

The management problem

The management is faced with the problem of increasing revenues, sales and clients. With limited resources, the managers are in a dilemma on whether to invest in houses that are in close proximity to city centers or those that are far away. Earlier indications from the slow recovery of the housing sector suggest a relationship between the prices of the homes and the proximity of the houses to the nearest cities (Holly & Pesaran, 2009). This informed the manager's decision to conduct a study. The study will seek to establish whether the proximity of the houses to the nearest city centers bears a significant correlation with the rate of recovery of the house prices in the US. The study will also seek to establish the determinants of purchases of the houses in different locations within the US.

The research question

The study will have three questions; (1) does the proximity of the houses to the nearest city centers affect the rate of recovery of the house prices in the US? (2) What are the determinants of house purchases in different locations in the US? (3) How do the investors in the different locations perceive the prices of the houses?

Research hypothesis

The null hypothesis H_0: group 1 homes are more desirable to buyers than group 2 homes.

The alternative hypothesis H_a: group 1 homes are not desirable to buyers than group 2 homes.

Where: group 1 homes are those homes located at a distance of 15 miles or less from the nearest city center.

Group 2 homes are those homes located at a distance of greater than 15 miles way from the cities

Ethical issues that might be encountered

The research is likely to encounter confidentiality issues and the refusal of the respondents to respond to the questions that the paper might ask. The research will treat all information with confidentiality and use the information for the purpose of the research only. The paper shall also acknowledge that it is the right of respondents to give information and thus not request voluntary information. It shall not use coercion to obtain information

Research design

The exploratory study will use quantitative data to draw conclusions. The data shall be collected by the use of mailed questionnaires. The questionnaires will be structured with the respondents required to provide primary data for the study.

Data sampling

The paper shall use a random sampling technique to sample data for the study. Houses in both group 1 and group 2 will be selected by use of the simple probability sampling techniques. This approach shall eliminate the chances of selection bias by giving all housing units an equal chance of selection.

References

Blinder, A. (2013). *After the music stopped: The financial crisis, the response, and the work ahead*. New York: Penguin Press.

Holly, S., & Pesaran, M. (2009). *A spatio-temporal model of house prices in the US*. Munich: CES.