**Spatial heterogeneity in hedonic pricing models: The housing market in Istanbul, Turkey**

Products in housing markets exhibit heterogeneous properties in that they have different structural, physical and location characteristics. Because of the segmented structure of housing markets, the relationship between home prices and characteristics might vary by location. Therefore, in order to investigate this relationship within the context of the hedonic pricing theory, a geographically weighted regression model was used that allows the relationships to change based on location and allowed for flexibility in determining functional forms. The analysis results indicate that there are nonparametric relationships between home prices and their characteristics. Moreover, these relationships differ for each sub-market.