UNIVERSITI TEKNOLOGI MARA

THE IMPACT OF MACROECONOMIC VARIABLES TOWARDS HOUSING PRICE INDEX IN MALAYSIA

NURUL BINTI MAZLAN
2015684324

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (ECONOMICS) FACULTY OF BUSINESS MANAGEMENT

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In the name of Allah and the most Beneficent and the most Merciful

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ABSTRACT

In these recent years, Malaysia has experienced significant rises in housing price. Thus, it caused a distress among citizens especially young generation as the rises in housing price.The purpose of this study is to investigate the impact of macroeconomic variables towards housing price index in Malaysia from 1st Quarter 1998 until 4th Quarter 2017. The macroeconomic variables are gross domestic product (GDP), interest rate (INT), foreign exchange rate (FX), unemployment rate (UE) and money supply (MS). This study exercises Ordinary Least Square (OLS) methods in order to identify the relationship amongst the variables. This study found that interest rate and unemployment rate have a negative significant relationship towards housing price index in Malaysia. Meanwhile, money supply found a positive significant relationship toward housing price index. However, gross domestic product and foreign exchange rate have no significant relationship to housing price index in Malaysia.