THE EFFECTS OF MACROECONOMIC VARIABLES TOWARDS HOUSING PRICE IN MALAYSIA

NURFARAHIN BINTI ABDUL RAHMAN

2014404336

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

DECEMBER 2016

THE EFFECTS OF MACROECONOMIC VARIABLES TOWARDS HOUSING PRICE IN MALAYSIA

NURFARAHIN BINTI ABDUL RAHMAN

2014404336

Submitted in Partial Fulfilment of The Requirement for The Bachelor Of Business Administration (Hons.) Finance

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

JOHOR

YEAR OF COMPLETION

DECEMBER 2016

DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

SEGAMAT, JOHOR

"DECLARATION OF ORIGINAL WORK"

I, <u>NURFARAHIN BINTI ABDUL RAHMAN,</u> (I/C NUMBER: <u>930426-14-6914)</u>

Hereby, declare that,

✓ This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.

✓ This project paper is the result of our independent work and investigation, except where otherwise stated.

✓ All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature: _____ Date: _____

LETTER OF SUBMISSION

5th January 2017

The Programme Coordinator
Faculty of Business Management
Universiti Teknologi MARA
85009 SEGAMAT
JOHOR DARUL TAKZIM

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "**THE EFFECTS OF MACROECONOMIC VARIABLES TOWARDS HOUSING PRICE IN MALAYSIA**" to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely

…………………
Nurfarahin binti Abdul Rahman
2014404336
Bachelor of Business Administration (Hons.) Finance

ABSTRACT

Over the past few years, house price in Malaysia has experienced significant price expansion and this situation became a worrying that causes distress especially to the current lenders. This study were an attempt to determine the macroeconomic variables that affected to house price in Malaysia and explored the relationship between the variables with house price. Only three macroeconomic variables such as Gross Domestic Product (GDP), Inflation Rate (CPI) and Population (Pop) were taken into this study with House Price Index (HPI) as dependent variable. This study consists of 127 observations of quarterly data for each variable starting from 1985 first quarter until 2016 third quarter. All data of HPI, GDP, CPI and Pop were taken or got from DataStream and then there were tested by using EViews8. Those data were analyzed using descriptive analysis, unit root test, correlation matrix and regression analysis. It were then being analyzed using test on assumption such like normality test, test on variance error term, test on serial correlation of error term (BG Test) and multicollinearity (VIF Test). The results showed only GDP and Pop were positive and significantly related to HPI while CPI was not significant with HPI and only two hypotheses were rejected while the other one was failed to reject. A conclusion were made by given some proofs and evidence from the previous research or journal. Besides that, a few recommendation and limitation were listed in this study for uses and references to the future researchers.