

**DETERMINANTS OF HOUSING SUPPLY:
CASE OF KUALA LUMPUR AND JOHOR**

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“DECLARATION OF ORIGINAL WORK”

I Anis Nurhidayah Binti Anuar, (I/C: 840515-08-5966)

Hereby, declare that:

1. 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 degree.
2. This project paper is the result of my independent work and investigation, except where otherwise stated.
3. All verbatim extracts have been distinguished by quotation marks and sources of my information have been specially acknowledged.

Signature: *Anis* Date: 12/05/07

LETTER OF TRANSMITTAL

Muhamad Sukor bin Jaafar
FIN660 Course Tutor
Finance Department
Faculty of Business and Management
Universiti Teknologi MARA
Kampus Johor
85009 Segamat
Johor Darul Takzim

5th May 2007

Dear Sir.

Determinants of Housing Supply: Case of Kuala Lumpur and Johor

On January 2007, I was required to do a project paper on Determinants of Housing Supply: Case of Kuala Lumpur and Johor.

2. I was informed to submit this report on date of submission, as a part of the course requirement for bachelor in Business Administration (Honors) Finance 06. I hereby submit this report and hope that you will find everything satisfactory.

Thank you.

Yours truly,



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ACKNOWLEDGEMENT

Glory to Allah S.W.T the Most Gracious, the Most Merciful and peace is upon His messenger Holy Prophet Muhammad S.A.W. All the worship belongs to Allah. I seek refuge to Allah from badness within and from the evils deeds. I also praise to Allah S.W.T for giving me courage, time and knowledge in completing this project paper.

Alhamdulillah, at last this project paper is ready to submit on the day it is due finish. At the same time as accepting full responsibility for the contents of this work, it would be rude not to acknowledge the debt I owe to all those who either directly or indirectly contributed to this project paper.

First and foremost, I would like to thank my respectable advisor; PM HJ Ismail Shari who has made a significant contribution and provided me useful comments at all stages in order to finish this project paper. Sir, a million of thanks to you!

Secondly, I also like to express my appreciation and thanks to my beloved mum, my roommate, Noreen and to my dear friends Dya and Nene. Without their prayer, moral and financial support, understanding and motivation, it would be impossible for me to accomplish this study. Thank you for your never ending loves.

Last but not least, to each of the individuals who had helped me directly or indirectly with supportive in encouraging me to complete this project. This project paper gave me countless experiences, which can be used in future.

Thanks you so much and wassalam.

ABSTRACT

This study focuses on the determinants of housing supply especially in Kuala Lumpur and Johor. Many houses are being built to fulfill the customer's needs. Housing provision has played an important part of the government social policy in Malaysia. Housing as economic goods has some special characteristics that make it different from other kinds of properties. The objective of the study is to determine the factors that affect the housing supply and to examine whether there is any relationship that will exist between the factors and housing supply. The determinants of housing supply that will use in this study are house price, construction cost and interest rate. To analyze all these factors that will determine the housing supply, this study will take Kuala Lumpur and Johor as the sample population. The time horizon is from 3rd quarter of 2002 until 2nd quarter of 2006 which is five years. It will take the quarterly data. This study used multiple regressions to examine the relationship that exist between house price, construction cost and interest rate towards the housing supply. This method will determine whether independent variable has relationship or not with the dependent variable. In the previous study has said that it is so difficult to see the relationship that will exist between all the variables. Based on the study that has been conducted the result that get from this study were, there are no significant relationship between housing supply and housing price in Kuala Lumpur and Johor. There are significant relationships that exist between construction cost and gross national income with the housing supply in Kuala Lumpur and Johor.