MACROECONOMIC DETERMINANTS OF HOUSING PRICE IN MALAYSIA

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ABSTRACT

This study methods to investigate macroeconomic determinants of housing price in Malaysia. The independent variables used are unemployment rate, labor force rate, gross domestic product growth rate and inflation rate meanwhile the dependent variable is housing price index in Malaysia. The data collected from 1988 to 2017 years by using time series approach. This study are using method such as Unit Root Test, Ordinary Least Squares (OLS), Heteroscedasticity Test and Autocorrelation Test. Unit Root testing shows that after first order difference, all variable are significant using OLS test. For Heteroscedascity, there is also Autoregressive Conditional Heteroscedascity (ARCH) which has large p-value than 5%. Furthermore, autocorrelation testing shown that there is no existed of autocorrelation. This method are used to determine whether there are significant relationship between independent variables and dependent variables. The findings of this study is unemployment rate, labor force and inflation rate are insignificant with housing price index. Meanwhile, gross domestic product growth rate is significant with housing price index in Malaysia.

Keyword: House Price Index, OLS, Heteroscedascity, Autocorrelation