



**THE MACROECONOMIC DETERMINANTS
OF HOUSING PRICE IN MALAYSIA**

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ABSTRACT

The research aims to determine the relationship of independent variables towards housing price in Malaysia and analyze the impact of independent variables on housing price and analyze the impact of independent variables on Malaysia's housing price. Malaysia's property market has been resistant in terms of price in recent years. Besides that, Malaysia's Property Market Index (MPMI) reported the price reduction in Malaysia's four most important markets, especially after the Covid-19 outbreak. The study used 30 years period from 1988 to 2019. Other than that, three independent variables are determined to be included in this study, specifically the Unemployment Rate (U.R.), Base Lending Rate (BLR) and Stock Price (S.P.). The relationship of variables and housing price tested using Descriptive Analysis, Augmented Dickey Fully (ADF) Unit Root Test, Philips-Perron (P.P.) Unit Root Test, Normality Test, and Regression Analysis. Secondary data from reliable data sources will be gathered. The data are taken from Refinitiv Eikon Datastream and BIS Residential Property Price Database. Based on Multiple Regression Model Test, the result show that Base Lending Rate (BLR) and Stock Price (S.P.) show a positive relationship with housing price, which indicate the rise of these variable determines the rise of housing price. The Unemployment Rate (U.R.) found to has insignificant result. This study's findings show some figure to alarm the policymakers on the residential price changes and show the real national struggles. The findings will also help economists in decision-making by knowing the effects of macroeconomic factors on Malaysia's housing price. Recommendation on future research is on expanding more knowledge and reliable results such as using different data structures, researching on specific areas, and adding more macroeconomic variables.

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