



اَوْبُوْرَسِيْتِي تِيْكُوْلُوْمِي مَارَا
UNIVERSITI
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**HOUSING SUPPLY MODEL OF
THE FEDERAL TERRITORY
KUALA LUMPUR**

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ABSTRACT

Sharp house prices increase in Malaysia are not a new issue. House prices in Malaysia rose high since 2009 and recorded the highest record in 2013 (Chee Yin et al., 2017). It has affected the affordability of younger households or first-time home buyers. The government has embarked on various policies and strategies to improve the affordability of low and middle-income home buyers. However, the current strategies taken by the government seem not effective to improve the affordability among home buyers (Kamal et al., 2015). Due to the issue, many discussions have grown around the globe to identify the price elasticity of supply of respective locations. Empirical studies involving the housing supply model in Malaysia remain understudies. Thus, the study aims to recommend a housing supply model of the Federal Territory Kuala Lumpur (FTKL). Therefore, this study has measured the price elasticity of housing supply and evaluated the effect of house price, construction cost, and a few government-driven factors such as interest rate, construction permit procedure, and construction permit time on housing supply at the local level, in the context of the FTKL. A quantitative approach was employed to achieve the objectives of this study. Generally, the instrument used to collect all data for this study was online databases. The data of all variables from Q1-2008 until Q4-2017 was analyzed using panel regression, specifically OLS regression. The key findings show an elastic housing supply of the FTKL, a negative elastic supply for housing in Mukim Kuala Lumpur cross-section, the house price is the only factor influencing housing supply and the government regulation sub-factors are not influencing housing supply. In terms of knowledge contribution, generally, this study provides the use of new methods and presents new findings. For practical implications, the new methods and findings benefited the policymakers, housing developers, and NAPIC.

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CHAPTER ONE

INTRODUCTION

This chapter starts with the background of the study that shows what is known about the topic under investigation. Next, in the problem statement, gaps or problems addressed are pointed out to show the urgency of this study. It is followed by the research questions, the aim of the study, and research objectives sub-topics. Then, the methodology used for this study, the scope and limitation of the study, and the significance of the study are discussed. The last part of this chapter is the organization of the thesis.

1.1 Background of The Study

Sharp house prices increase in Malaysia are not a new issue. House prices in Malaysia rose high since 2009 and recorded the highest record in 2013 (Chee Yin et al., 2017)(see Figure 1.1). Over the period from Q1-2010 to Q4-2016, house prices in Malaysia measured by the Malaysian House Price Index (MHPI) shows an average annual growth of 9.1 percent, larger than the preceding Q1-2000 to Q4-2009 with annual growth of 3.4 percent.

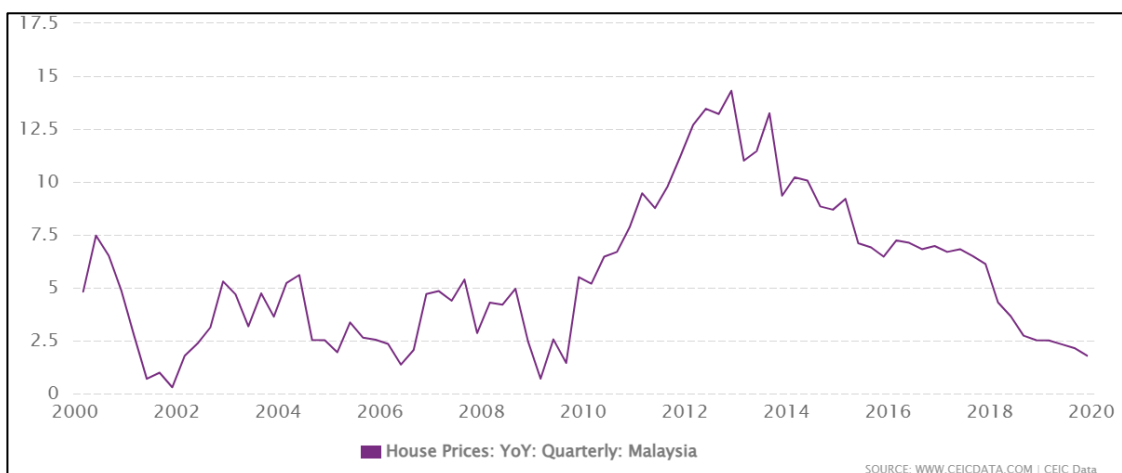


Figure 1.1 Malaysia House Price Growth between 2000 and 2020
Source: CEIC