THE DETERMINANTS OF RESIDENTIAL PROPERTY (TERRACED HOUSE) IN MALAYSIA

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ABSTRACT

This study investigates the factors affecting house prices in Malaysia over a period of 8 years. The data collected are based on quarterly data from 2005:Q1 to 2012:Q4. In order to identify what causes the changes in house prices, this study focuses on four variables including gross domestic product, lending rate, unemployment and inflation rate to study the impact of these variables on house prices. In further, this paper is specifically done on terraced houses in Malaysia where the target is on the middle income group of population in which average terraced house price is used as the dependent variable. Income is expected to be one of the most significant factors affecting the changes in house price since income is one of the most important component of investment as well as a source of wealth. In general, residential property has important impact on household consumption behavior. Throughout this study, possible causality is hope to be identified between the independent variable and the dependent variables.

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