



THE IMPACT OF SELECTED MACROECONOMIC VARIABLES ON
HOUSING PRICE INDEX (HPI) IN MALAYSIA

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ABSTRACT

The Housing Price Index was one of indicators in determining the future economy of a country. Bullish in the housing price refers to there is unfavorable signal to the economy while bearish in the housing price refers to there is positive outlook in future economy of a country. The trend of the major housing price index gives a perception to citizen in determining the availability for them to own a house which will help them in making buying decisions. This study highlighted the significant determinants in determining future movements of Housing Price Index in Malaysia. The yearly time series data span over the period of the year 1987 to 2016 was used for this study. This study employed the Ordinary Least Squared (OLS) approach to testify all the research objectives. It was revealed that the Inflation Rate, the Gross Domestic Product and the Unemployment Rate had significant impact in determining Housing Price Index in Malaysia. Meanwhile, Base Lending Rate resulted in insignificant relationship towards Housing Price Index.

Keywords: housing price index, base lending rate, inflation rate, gross domestic product, unemployment rate.

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