



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

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ABSTRACT

This study examines the relationships that between housing price in Malaysia (HPI) and the determinants of gross domestic product (GDP), interest rate (IR), money supply (MS), population (PPL) and inflation (INF) from the year of 1992 to 2017 which contains quarterly basis data. This paper applies Auto-Regressive Distributed Lag (ARDL) Model in order to define the statistical relationship among the variables. Besides, there are steps involved in the study begin with this method and proceed with Bound Test, Diagnostic Checking, Unit Root tests, and Cointegration Test.

In Diagnostic Checking, some tests done to check the significant presents of autocorrelation, heteroscedasticity, the normality of data distribution and model specification. The result of this study shows that there is a significant relationship between the housing price (HPI) and base interest rate (IR), population (PPL) and inflation (INF), while gross domestic product (GDP) did not have any significant relationship with the HPI. The recommendation for the future studies is future studies should use other factors instead of macroeconomics factor in order to examine the factors that affecting the housing price movement in Malaysia. The conclusion for the studies shows that the IR, PPL and INF become the factors that affecting the HPI in Malaysia.

Keyword: Housing Price, Gross Economic Product, Interest Rate, Money

Supply, Population, Inflation, ARDL