



DETERMINANTS OF HOUSING PRICE IN MALAYSIA

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ABSTRACT

The primary aim of this research is to assess the connection between independent variables and the housing price. This article empirically examines whether the rising trend in Malaysian housing prices is linked to changes in gross domestic product (GDP), interest rate, inflation rate, and construction costs. Data were collected from International Financial Statistical and Monetary of Finance in Malaysia from 2009 to 2018. The paper provides empirical results that gross domestic product (GDP), interest rate, inflation rate and cost of construction are the key determinants of housing prices. However, housing price changes may not necessarily be affected by gross domestic product (GDP), interest rate, inflation rate, and construction cost. The results of this article suggest that housing bubbles are growing larger and stronger in the Malaysian residential property market. This paper can be a guide for the government in stabilizing the residential housing price in Malaysia.