



**MACROECONOMIC DETERMINANTS OF HOUSING  
PRICE IN MALAYSIA: TIME SERIES APPROACH**

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**JUNE 2017**

## ACKNOWLEDGEMENT

In the name of God, the Most Gracious and the Most Merciful

Praise the Lord, after a few month struggled facing with many difficulties, in the end I managed to finish my thesis report. Special thanks to my family for their support and motivation throughout years of studies till I am able to complete my degree. Not to forget my advisor Puan Herniza Roxanne Marcus for all her guidance and advices in the process of completing my final year project paper. I also would like to thanks other lecturer as well for sharing their knowledge and support during my studies year. Without all of these help, I would not be able to finish my project paper as well as ready for the VIVA presentation. To all my classmate and housemate, thank you for the support and encouragement to keep me up throughout the progress of completing my thesis report.

Thank you very much and I'm really appreciate with all help.

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## ABSTRACT

This research paper involves the econometric analysis of the relationship between house price index, population, base lending rate, inflation, household final consumption expenditure, gross domestic product per capita and labor force in Malaysia housing industry. This research adopted four types of method, which is Unit Root, Ordinary Least Squares, Johansen & Juselius Cointegration, and Granger Causality. Using the time series data from year 1990 until 2015 which is 25 year data. The finding results shows that the results are different for all the method being used. In unit root after the first order difference all the variables are significant but in when tested using OLS there is heteroskedasticity exists and being correct by use the dummy variables. For Cointegration, there are only 4 cointegration at 0.05 which is population, base lending rate, inflation and household final consumption expenditure. Other two independent variables is able to reject the null hypothesis. For Granger Causality, the HPI does not GC BLR, POP does not GC INF, LF does not GC POP, BLR does not GC INF, GDPPC does not GC BLR and HFCE does not GC INF because the p-value is less than 1%, 5% and 10%.

*Keyword: House Price, OLS, Granger Causality, Cointegration, Unit Root*