THE DETERMINANTS OF HOUSING PRICE IN MALAYSIA: MACROECONOMIC FACTOR

NIKI NUR FATINI BINTI WELIM
2016565201

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KOTA KINABALU, SABAH

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ABSRACT

The housing price year by year keep on increasing in Malaysian, it has become one of the hot issue in Malaysia since more people could not afford to buy a house. Housing sector is one of the important sector in economic development. This is because housing sector directly contributes to total the output (GDP) of a country. Hence, this study aims to examine the determinants of Housing Price in Malaysia from 2000 until 2018. The independent variables are Real Growth Domestic Product, exchange rate and inflation rate. While the dependent variable are housing price. Changes in GDP will affecting the housing price, this show that maintaining a good GDP is really important for a healthy economic condition. Exchange rate also an indicator for the housing price as the higher price of imported inputs the more expensive finished imported goods lead to higher price in housing. Next, inflation are the factors which explain the volatility of house prices in Malaysia.

So that E-views were employed to test the result in this paper. As Ordinary Least Square (OLS) method is implemented to this study. The quarterly time series data were collected from the period of 2000 Quarter 1 until 2018 Quarter 4 with 72 observations from National Property Information Centre and World Bank. To improve the regression result Newly-West test is used and the final results concluded that the major effects in determining the housing price is real growth domestic product.