THE DETERMINANTS OF HOUSING PRICE INDEX IN MALAYSIA: GROSS DOMESTIC PRODUCT, POPULATION, INFLATION RATE AND UNEMPLOYMENT RATE

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**BACHELOR OF BUSINESS ADMINISTRATION
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MELAKA CAWANGAN KAMPUS BANDARAYA**

DECEMBER 2019

DECLARATION OF ORIGINAL WORK

**BACHELOR OF BUSINESS ADMINISTRATION
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I, Nur Syafiah Athirah Binti M.Haizal, (I/C Number: 950729-10-6360)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.

- This project-paper is the result of my independent work and investigation, except where otherwise stated.

- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____   Date: _____

LETTER OF SUBMISSION

December 2019

Madam Siti Zaitun Binti Saddam,

Bachelor of Business Administration (Honours) Finance

Faculty of Business and Management

Universiti Teknologi MARA (UiTM)

Cawangan Melaka Kampus Bandaraya

75300 Melaka

Dear Sir/Madam,

Submission of Final Project Paper (FIN672)

Hereby, attached the project paper titled "**The Determinants of Housing Price Index in Malaysia"** to fulfill the requirement precise by the Faculty of Business and Management, Universiti Teknologi MARA (UiTM).

Thank you,

Yours sincerely,

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ABSTRACT

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The main purpose of this study is to measure the relationship between macroeconomic variables and the housing price index in Malaysia. This paper examines empirically whether the increasing trend in the Malaysian housing price is related to changes in the gross domestic product (GDP), population, inflations rate, and unemployment rate. The paper is exploratory in nature. The empirical data were collected from Valuation and Property Services Department of the Ministry of Finance Malaysia and World Bank Data from 1988 to 2018. The paper provides empirical results that all the macroeconomics variables are the key determinants of housing prices. However, changes in housing prices may not necessarily be influenced by all the macroeconomic variables in Malaysia. The general finding of this paper strongly suggests that housing bubbles in the Malaysian residential property market are becoming bigger and stronger. The paper is useful for house developer, future researcher and policy maker to know which factors to account for in housing investment decision. This paper can serve as a guide for the government in stabilizing the residential housing price in Malaysia.

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Keywords: housing price, economic variable, GDP, population, inflation rate, unemployment rate, Malaysia.