

**(MEASURING THE EFFECT OF BORROWING ON
PROPERTY INVESTMENTS)**

(MUHAMAD FADZRIZAL BIN AYUB)

**Submitted in Partial Fulfillment
Of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UITM, JOHOR**

(OCTOBER 2007)

LETTER OF SUBMISSION

24th OCTOBER 2007

The Programme Coordinator
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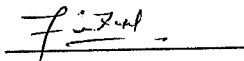
Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "MEASURING THE EFFECT OF BORROWING ON PROPERTY INVESTMENTS" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA

Thank you

Yours sincerely



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"DECLARATION OF ORIGINAL WORK"

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR**

I, Muhamad Fadrizal Bin Ayub, (I/C Number: 840521-01-5841)

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: Fadrizal Bin Ayub

Date: 27th OCTOBER 2007

ACKNOWLEDGEMENT

ALL PRAISE TO THE ALMIGHTY ALLAH S.W.T, the most benevolent for giving me the strength and patience in preparing and completing this research. Without the grace and help of ALLAH S.W.T., it would be impossible for me to complete this research.

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ABSTRACT

The effect of borrowing on property investments has been continues to be an important topic. To assess whether borrowing has increased the return on equity is to contrast the return on the property investments with the loan interest rates. Whenever the return on the property is higher than the loan interest rates, there is positive leverage. That means; there is a relationship between return on property investments and loan interest rates. This study provides the investigation of the relationship between loan interest rate and return on property investments in Malaysia using Pearson's Correlation model and Single Regression model. The purpose of the study is to determine the correlation and the relationship between loan interest rate and return on property investments. Furthermore, it wants to identify the strength of the association between these two variables. In order to obtain better analysis, the data of loan interest rates and return on property investments in Malaysia were analyzed in time series of 6 years from 2001 until 2006.