

**THE EFFECT OF HOUSING DEVELOPMENT DURING
FINANCIAL CRISIS: A CASE OF MALAYSIA IN 1997 TO
2002**

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

**FACULTY OF BUSINESS MANAGEMENT
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“DECLARATION OF ORIGINAL WORK”

I Suhaila Binti Abu Gani (Abd Gani), (I/C: 840214-01-5956)

Hereby, declare that:

1. 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 degree.
2. This project paper is the result of my independent work and investigation, except where otherwise stated.
3. All verbatim extracts have been distinguished by quotation marks and sources of my information have been specially acknowledged.

Signature:  Date: 12/5/2007

LETTER OF TRANSMITTAL

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Encik Muhamad Sukor bin Jaafar
Faculty of Business Management
Universiti Teknologi MARA
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85009 Segamat
Johor Darul Takzim

Dear Encik Muhamad Sukor bin Jaafar,

THE EFFECT OF HOUSING DEVELOPMENT DURING FINANCIAL CRISIS: A CASE
OF MALAYSIA IN 1997 TO 2002

On January 2007, I was required to do a project paper on The Effect of Housing Development during Financial Crisis: A case of Malaysia in 1997 to 2002.

2. I was informed to submit this report on date of submission, as a part of the course requirement for bachelor in Business Administration (Honors) Finance 06. I hereby submit this report and hope that you will find everything satisfactory.

Thank you.

Yours truly,


.....

(SUHAILA BINTI ABU GANI (ABD GANI))

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B.B.A (HONS) FINANCE 06

ABSTRACT

This study was examined how housing development was influenced by inflation rate, interest rate and cost of construction during financial crisis. It also was analyze the relationship between housing development and independent component (inflation rate, interest rate and cost of construction). This study was also determined whether the independent component give strong influenced towards housing development. Specifically there are four objectives of this study. The objectives of this study are to study the effect of financial crisis towards housing development during financial crisis from 1997 to 2002, to investigate the effect of interest rate towards housing development during financial crisis from 1997 to 2002, to investigate the effect of consumer price index towards housing development during financial crisis from 1997 to 2002 and to investigate the effect of cost of construction towards housing development during financial crisis from 1997 to 2002. This study estimated monthly multiple regressions for 5 year period beginning 1997 to 2002 and used R^2 as the primary metric to measure value-relevance to explain the variation occur in the dependent variable by independent variable. Multiple Regressions Method was conducted on the equations in order to test the three hypothesis of this research. The result of this research shows that inflation rate is no significantly associated with the housing development. While, interest rate and cost of construction show significant associated with housing development. This study also provides the evidence that inflation rate, interest rate and cost of construction is significantly and no significantly associated with housing development.