



**MACROECONOMIC DETERMINANTS OF HOUSING PRICE IN MALAYSIA**

**JESLINNA JULAN TUNGKI**

**2016589649**

**BACHELOR OF BUSINESS ADMINISTRATION**

**WITH HONOURS (BUSINESS ECONOMICS)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**KOTA KINABALU**

**JUNE 2019**

**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION  
WITH HONOURS (BUSINESS ECONOMICS)  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
“DECLARATION OF ORIGINAL WORK”**

I, JESLINNA JULAN TUNGKI, (I/C Number: 941102-13-6406)

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: \_\_\_\_\_

## TABLE OF CONTENTS

TITLE	Page	
FRONT PAGE		
DECLARATION OF ORIGINAL WORK	i	
LETTER OF SUBMISSION	ii	
ACKNOWLEDGMENT	iii	
TABLE OF CONTENTS	iv - vi	
LIST OF FIGURES	vii	
LIST OF TABLES	viii	
ABSTRACT	ix	
CHAPTER 1	INTRODUCTION	
1.1	Introduction	1 - 2
1.2	Problem Statement	3 - 4
1.3	Research Objective	4
	1.3.1 General Objective	4
	1.3.2 Specific Objectives	4
1.4	Significant of the Study	5
1.5	Scope and Limitation of Study	6
CHAPTER 2	LITERATURE REVIEW	
2.1	Introduction	7
2.2	Theory	7
	2.2.1 House Price Index (HPI)	7
	2.2.2 Unemployment Rate (UNR)	7
	2.2.3 Labor Force Rate (LFR)	7
	2.2.4 Gross Domestic Product	
	Growth Rate (GDPG)	8

## LIST OF TABLES

Table 3.2:	Data Measurement
Table 4.2:	Descriptive Statistics
Table 4.3:	Correlation Analysis
Table 4.4:	Unit Root Test at Level
Table 4.4:	Unit Root Test First Different
Table 4.5:	Ordinary Least Square (OLS)
Table 4.6:	Breusch-Godfrey Serial Correlation LM Test
Table 4.6:	Variance Inflation Factor (VIF)
Tale 4.6.3:	Autoregressive Conditional Heteroscedasticity: ARCH

## ABSTRACT

This study methods to investigate macroeconomic determinants of housing price in Malaysia. The independent variables used are unemployment rate, labor force rate, gross domestic product growth rate and inflation rate meanwhile the dependent variable is housing price index in Malaysia. The data collected from 1988 to 2017 years by using time series approach. This study are using method such as Unit Root Test, Ordinary Least Squares (OLS), Heteroscedasticity Test and Autocorrelation Test. Unit Root testing shows that after first order difference, all variable are significant using OLS test. For Heteroscedascity, there is also Autoregressive Conditional Heteroscedascity (ARCH) which has large p-value than 5%. Furthermore, autocorrelation testing shown that there is no existed of autocorrelation. This method are used to determine whether there are significant relationship between independent variables and dependent variables. The findings of this study is unemployment rate, labor force and inflation rate are insignificant with housing price index. Meanwhile, gross domestic product growth rate is significant with housing price index in Malaysia.

Keyword: House Price Index, OLS, Heteroscedascity, Autocorrelation