



اَوْدَعُوا مَرْيُوتًا يَتَذَكَّرُ لَوْ كُنَّا بِمَارَزَا
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**THE MAJOR FACTORS DRIVING MOVEMENTS OF HOUSE PRICE IN
MALAYSIA**

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ABSTRACT

As with most economies, the housing market in Malaysia is an important component of the domestic economy. Residential market in Malaysia has experienced significant price expansion over the last few decades, at several states, expanded at higher rates. As the expertise believe that housing bubble exists because of the many factors including macroeconomics variable. As this study seeks to examine what are the main drives of the movement housing price index. This article intends to analyze the relationships between house price movements with regards of the interest rates, inflation rates, Gross Domestic Product (GDP), population rates and unemployment rates. Since one of the important sectors in Malaysia is property market, it is significant to identify the tone of the housing market and the factors affect its movement. There are total of five economic variables such as interest rates which measured by base lending rate (BLR), Gross Domestic Product (GDP), inflation, unemployment rate and population rate were taken into study with the house price index. The design of this study comprises of information from secondary data of each variables from year 1980 until 2012 which in annually basis. In the process of findings, there are few types of analysis were tested by using Stata SE 10 and Eviews software, there are Correlation coefficient, multiple regression analysis and multicollinearity statistics. The overall study anticipates in contributing and enhancing both investors and government execution on scenario planning that have relationship upon the irregular rise of house price. In addition, this research tends to help the home purchasers to assess the right timing from macroeconomic factor to purchase their house.

CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION TO STUDY

Real estate remains to be the most crucial figure of household desire and the most luxurious financing by family. Real estate market plays the prominent character to the nation's economy in the view of capital market, consumption, financial wealth and employment which inspiring the business trend. (Zainal, 2010)

This research aims to identify the main variables that effects the movements of housing price in Malaysia. Since few decades ago, the housing value has not capture it's decreasing in value, however the value is increasing from time to time.

This research aims to differentiate the main variables that effect the movement of house price index between Malaysia and Singapore. As we know Singapore is a developed country while Malaysia is developing country. Most of the previous research is mainly based on the cyclical trend behavior of housing price behavior of each country or the effect of housing price movement for their economy, government policy and other variables. However what is the main causes driving movements of housing prices? There is no specific research that was conducted to identify what is the main causes driving movements of housing prices especially in Malaysia.

Since few eras ago until today, the phenomenon of continuing long runs growth in real estate value appears as general in many nations and republics. Previously, owning a house is only seen as somewhere to stay and comfort however as time passed by, persons who possess a house today considered as they already got one relief for their future asset and a good hedger for inflations. Housing endures as