



**“THE FACTORS THAT INFLUENCE HOUSING DEMAND  
IN KUALA LUMPUR FROM PERSPECTIVE INTEREST  
RATE AND HOUSE PRICE”**

**ADVISOR:  
PM HAJI ISMAIL BIN SHARI**

**PREPARED BY:  
SHARIZAN BT OMAR  
2005656398**

**PROJECT PAPER**

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

**3 MAY 2007**

## **ACKNOWLEDGEMENT**

All praise to the almighty Allah, the most merciful and most benevolent for giving me the strength and help in completing this research. Here, I would like to take this opportunity to present my special thanks and appreciation to those who directly and indirectly involved in completing this project paper.

Firstly, my special appreciation goes to Encik Muhammad Sukor Bin Jaafar, who gives great commitment and corporation to his student's project paper whenever possible. Without his comments, constructive criticism and encouragements, this research cannot be completed successfully.

This deepest and greatest gratitude also goes to my beloved and respected advisor, PM Haji Ismail Bin Shari for his continuous guideline and motivation, moral support, great ideas and suggestions. With his full forbearance in conducting this research, he had helped me to recognize my weaknesses and gives his never end advices to help me to complete this research successfully. Sir, working with you is a valuable and unforgettable experience in my life. I will never forget all your advices and knowledge's of my future.

This deepest gratitude goes to my friends who shared they valuable time and commitment particularly during data collection and data analysis. They also continuously gave moral support in completing this project paper. Without their constant support and patience this study would rather be harder and tougher.

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Declaration of Original Work	
Letter of Transmittal	
Acknowledgement	iv
List of Table	ix
List of Figure	ix
Abstract	x

## CHAPTERS

1.	<b>INTRODUCTION</b>	
1.0	Background of study	1
1.1	Definition of term	6
1.2	Problem Statement	8
1.3	Objective of the study	9
1.4	Significant of the study	10
1.5	Scope of the research	10
1.6	Limitation of the study	11
2.	<b>LITERATURE REVIEW</b>	
2.0	Chapter overview	13
2.1	Overview of interest rate, income, house price and housing demand in Kuala Lumpur.	13
2.2	Evidence from previous study	14

## LIST OF TABLE

<b>No. of Table</b>	<b>Title of Table</b>	<b>Page</b>
Table 1	The correlation of house price and interest rate with housing demand in Kuala Lumpur.	29
Table 2	The regression of house price and interest rate with housing demand in Kuala Lumpur.	33

## LIST OF FIGURE

<b>FIGURE</b>	<b>CONTENT</b>	<b>PAGE</b>
FIGURE 1	The Schematic Diagram (Graphically Model) for the Theoretical Framework	26

## ABSTRACT

This research is to examine the factors correlated with house demand in Kuala Lumpur from perspective interest rate and house price quarterly from 1999 to 2006. This study will be using multiple regression and correlation coefficient method. Therefore, it will investigate an interest rate relationship with the housing demand in Kuala Lumpur and the house price relationship with the housing demand in Kuala Lumpur. This research has used exploratory study to clarify and define the nature of problem identification where in this study we want to identify the correlation of interest rate and house price to housing demand in Kuala Lumpur. From the finding, show the house price and interest rate have the relationship with the housing demand in Kuala Lumpur. Meanwhile the test for the regression show that only interest rate is have the effect to the housing demand in Kuala Lumpur but the house price is do not have the effect to the housing demand in Kuala Lumpur.

Keyword: house price, housing demand and interest rate.