ECONOMIC DETERMINANT FACTORS INFLUENCE ON HOUSING PRICE AND THE DETECTION OF EXISTENCE HOUSING BUBBLE IN MALAYSIA

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ABSTRACT

Housing market had been developed from year to year in Malaysia. Hence, the demand for a living place has increased due to a better standard of living. In this case, it caused the price of housing property keep rising until the affordability limit, thus, it will lead to an existence of housing bubble. Therefore, in this study, it will determine the relationships of economic determinant factors towards Malaysian housing price and also investigate the existence of the bubble within the period of 12 years which is from 2004-2015. The economic determinant factors that included in this study are inflation rate (INFR), income (GDP), and interest rate. Otherwise, the findings from Right Tailed Augmented Dickey Fuller Test in this study mentioned that there is an existence of housing bubble. Moreover, GDP have a positive strongly significant with HPI. It means that any changes in GDP will also affect the changes in HPI.