

**COMPARATIVE STUDY ON MACROECONOMIC DETERMINANTS OF  
HOUSING PRICE IN MALAYSIA AND SINGAPORE**

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## **ABSTRACT**

This research tries to fill the gap in this area by examine the macroeconomic fundamental factors towards the housing prices for Malaysia and Singapore. The different stage of economy could be a gap to stimulate and indicates the possible factor of the housing price for each country. Thus, this research also want to know the main factor that determine housing price for advance economy country, Singapore and developing economy country, Malaysia. As both countries are neighborhood to each other, it could be the possibilities to have the effect on each other house prices.

The main focus of this study is to observe the relationship between interest rate, income growth, population growth, gross domestic product and inflation rate on housing prices on both countries. Motivation to study on the factors affecting housing price in Malaysia and Singapore are due to housing prices are very high nowadays and still increasing. Hence, possible to determine the main factor that lead to the changes in housing price in Malaysia and Singapore.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of Study**

Owning a home is the most ultimate plans for every breadwinner and it is also considered definition of personal success. Housing can be categorized as an apartment, flat, condominium, terrace, semi-detach and bungalows a shelter for a family. Housing continues to be an important expression of family aspiration and single most expensive investment by households. House is one of the important elements in basic human needs.

However, the issue that always has a deep consideration is the price of a house before purchasing it. It is important to gather information before purchasing a house as it is a long term investment. A house must be comfortable to stay in. However, undeniable the fact that the housing price today is not the same as price in the last few decades. During periods of rapid economic growth it will continue to surge to making people unaffordable especially during the years prior to Asian financial crisis in 1997 and late 1998.

In 2016, house prices in Malaysia continue to rise, but in a slower pace. The transactions are slightly down and residential construction activity is slowing. During the year Q3 2015, the nationwide house price index rose by 5.43 percent. Slightly down from an annual rise of 7.88 percent the previous year and the lowest increase