DETERMINANTS OF HOUSING PRICES IN MALAYSIA USING MACROECONOMIC VARIABLES

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ABTRACT

Over the past few years, Malaysia has experienced foremost changes of housing prices. The significant changes will distress the people among the current lenders. This study`s objective is to examine the determinants of housing prices in Malaysia by using macroeconomic variables. There are four macroeconomic variables such as inflation rate, interest rate, exchange rate and income were taken to determine the house price index. The design of this study consists of 68 secondary data of each variable from 1999 until 2015 which are in quarterly basis. In the period process of findings, there are few types of analysis were tested by using E-Views 6 and by applying structural time-series methodology, those data will be analyzed using the stationary test and linear multiple regression model. The result indicates that inflation rate and interest rate are positively significant relating to housing prices, while exchange rate and income are negatively significant towards housing prices. The study intends to contribute and enhance the execution on scenario planning that related to unpredictable housing prices rising. This study will help policy makers excellently in order to make decision and to facilitate home buyers and investors to assess the timing for buy the houses.

Keyword: *interest rate, inflation rate, exchange rate, income, house price index*