



THE DETERMINANT OF RESIDENTIAL PROPERTY IN MALAYSIA

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ABSTRACT

The study aims to identify the relationship between housing price (H) and the determinants in Malaysia. The determinants in this study include gross domestic product (GDP), inflation rate (IF), interest rate (IR) and cost of construction (COC).

The main purpose of this study is to investigate the macroeconomics factor which are affecting on the house prices throughout Malaysia. For this research, secondary data were collected from Malaysia Ministry of Finance and Bank Negara Malaysia. All the macroeconomics factors are on quarterly basis from 2000 to 2014. The study was directed to verify the relationship between macroeconomic factors and housing prices in Malaysia. The data are analyzed by panel data regression.

The independent variables that are used in previous study are Gross Domestic Product (GDP), interest rate (INT), inflation rate (INF), and cost of construction (COC) and the dependent variable is housing price index (HP). According to the analysis and calculations, the main factor Gross Domestic product (GDP), and second most affecting is interest rates based on Base Lending Rate (BLR), and cost of construction are the strong determinants which affect the housing prices in Malaysia.

Keywords: *Housing price, GDP, interest rates, inflation rates, cost of constructions, Malaysia*

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