



**DETERMINANTS OF HOUSE PRICE IN MALAYSIA**

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**SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT  
FOR THE  
BACHELOR OF BUSINESS ADMINISTRATION  
(HONS) FINANCE**

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
JOHOR**

**1<sup>ST</sup> JANUARY 2017**

## **ACKNOWLEDGMENT**

First and foremost, I would like say my gratitude to Allah SWT, as the Most Mercifulness to bless and grant me with healthy mental, physical and keep my motivation to undergo and complete my project paper. Special thanks to Madam Nor Hadaliza Abd Rahman and Sir Syamsyul Samsudin, Senior Lecturer of Faculty of Business Management UITM Johor, passionately encourage me to complete this project paper.

I would also like to take this opportunity to state my appreciation to my mother, lectures and friends that helped to assist me direct or indirectly in completion of this paper. Thus moral support from all of them and their understanding did encourage me to the completion of the task.

Thank you.

## **ABSTRACT**

This study is aim to find out determinants of house price in Malaysia. In order to measure the house price in Malaysia, some of determinants are being used to see its influence towards the house price. Testing and analysing data that have collected can be done by using interactive software E-View. The determinants are inflation rate (IR), lending interest rate (RR), Gross Domestic Production (GDP), and population (PP). The study is being done to investigate and examine the volatility of house price in Malaysia over a year of 1989 till 2012. Most of previous research papers are more focusing in understand the essential of house investing and the government policies. This study showed how the house investors and the government policy gave implication to estimate the condition of variance of house market price with the respect of its volatility over the time. Moreover, the important of considering the sub-national factors in formulating the national house policy should be address by the government. The analysis and result of this research paper are limited by quality of the data. Thus this paper would provide us with the result of indicated view and determinants that affecting volatility of house price in Malaysia.

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## **CHAPTER 1: INTRODUCTION**

### **1.1 INTRODUCTION**

The houses price in Malaysia for over 1989 till 2012 keep volatile over the time. The study of this paper will briefly discuss about the background of the study, problem statements, research questions, research objectives, significant of the study, and summary for the introduction of chapter 1. Furthermore, relationship of dependent and its independent variables is well explained in this study. It will help us to discover and understand the relation between variables mentioned. Thus the determinants been examined to see it influence towards the house price in Malaysia.

This research is focusing on how the dependant variable, House Price Index (HPI) are related to its independent variables such as Inflation Rate (IR), Lending Interest Rate (RR), Gross Domestic Production (GDP), and Population (PP). Those selected variables did give an impacted towards the volatility of the houses price. These variable are considered as a major subject of the study in this paper.

Next theoretical framework of this study involved the development of research question formulation. There are consists of two types of research questions, main research question and specific research question. The main research question is concentrated on the dependent variable as a title of this project paper. While the specific research questions are being done in order to support the validity result of the main research question.

Therefore, this research paper show two research objectives, first main research objective and second specific research objective, whereby the significant of the study will be highlight the depth understanding for houses investor and government to understand more about volatility of houses price in Malaysia.