



**THE RELATIONSHIP BETWEEN THE FIRMS CHARACTERISTICS AND
RETURNS IN THE PROPERTY SECTOR OF BURSA MALAYSIA
MAIN BOARD FROM 2003 – 2007**

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ABSTRACT

This study is conducted to determine if there is any significant correlation between the firms characteristics (Beta, Size and Leverage) and returns, Dividend Yield (DIY) in the property sector of Bursa Malaysia for the period 2003 - 2007. This is the period after the Malaysian economy has recovered from the 1997 - 1998 Asian economic crisis.

Financial data from 35 active Malaysian Property shares companies listed on the Property Sector of Bursa Malaysia Main Board were utilized.

The findings have revealed that there is significant correlations between the firms characteristic, Beta and Size(independent variables) and returns (dependent variable) whereas Leverage has no significant correlation.

1.0 INTRODUCTION

1.1 BACKGROUND OF STUDY

One of the pertinent issues that is taken into account by investors before making any investment decision is profitability. Profit is measured from the returns received over time. In Malaysia, the government is doing all it can to attract foreign investment into property and it is a tax efficient location to buy in for many. Malaysia has a buoyant and expanding tourism and business environment which gives rise to demand, affordability and a strong potential for profit. Malaysia has well built, attractive real estate for sale and according to local property professionals, Malaysia's property market is even well positioned to smoothly ride out any impending storm created by the US sub-prime crisis and potential recession.

Wealthy foreign nationals is opening up a brand new and strong market in the form of visiting Malaysia and even applying for MM2H (Malaysia My Second Home Program) visa status and then acquiring property in Malaysia.

The number of listed property companies have increased in numbers on the Property Sector of the Kuala Lumpur Stock Exchange (KLSE) since the property market recovery in 1988-89. In 1989, the market capitalisation of the Property Sector increased by 13.8%. During the pre-currency crisis in 1996 where the market capitalisation of the Property Sector is about RM57.8 billion. At the end of year 2000, the contribution of the Property Sector to the KLSE market capitalisation is about 4.4%.