



THE DETERMINANTS OF HOUSING PRICE IN MALAYSIA

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ABSTRACT

The aim of this study is to investigate the impacts of macroeconomic variables toward housing price in Malaysia. The five selected independent variables in this study are population growth, inflation rate, interest rate, unemployment rate and gross domestic product. This study is a time series data from 1986 to 2016 which consist of 31 years observations. The data are all collected from two sources which are DataStream Thomson Reuters and World Bank Databases. Ordinary Least Square (OLS) is the method used in this study. The result indicates that there is significant and positive relationship between population growth (PO), interest rate (INR), unemployment rate (UNE) and gross domestic product (GDP) with housing price in Malaysia (HPI). Meanwhile, inflation rate (INF) has insignificant relationship with housing price in Malaysia. Therefore, the relationship discovered from the result will be useful for house buyers, investors, and policy makers.

Keywords: Ordinary least square, housing price index, population growth, interest rate, inflation rate, unemployment rate and gross domestic product.