



UNIVERSITI TEKNOLOGI MARA

**MACROECONOMIC DETERMINANTS OF
MALAYSIA HOUSING PRICE**

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ABSTRACT

The purpose of this research is to examine at the factors that affect Malaysian house prices from 2011 to 2021. The continuing rise in Malaysian property prices generates several difficulties, including housing affordability, unsold residential units, and household debt. However, house ownership remains a family dream and is the most expensive investment. The purpose of this research is to look at the link between macroeconomic factors and home prices. Macroeconomic statistics on the exchange rate, GDP growth, loan rate, unemployment rate, real property gain tax, and housing stock were gathered quarterly from 2011 quarter one to 2021 quarter two. This study also includes descriptive tests, regression analysis (OLS regression), t-tests, f-tests, and heteroscedasticity tests. The purpose of the study shows if dependent variables (HPI) and independent variables such as lending rate, gross domestic product, unemployment rate, exchange rate and real property gain tax have significant relationship or not according 5% of level significant.

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CHAPTER 1.0: INTRODUCTION

1.1 INTRODUCTION

The macroeconomic factors of Malaysian home prices from the first quarter of 2011 to the second quarter of 2021. There is a total of five macroeconomic elements which include Gross Domestic Product (GDP), lending rate, exchange rate, unemployment rate and Real Property Gain Tax (RPGT) were employed in this study together with house price index (HPI) in Malaysia. The reason I chose the determinants of housing price from macroeconomic perspectives in Malaysia as a topic, first I have seen that Malaysian home prices have continued to rise in recent years. Second, the past study more cover on what happen on market housing price index before COVID19 happen so I decide to run the recent data to compare if relationship between dependent variables and independent variables of determinant housing price index will significantly compared the past study. According to Property Guru, the Malaysia Property Market Index (MPMI) found that the overall median asking price past dropped at an accelerated rate of 1.79% year-on-year (YoY) compared with the 0.34% dip recorded in Q4 2020. As a result, Housing Price Index in 2020 downgrade because effect of the COVID19. Also, according to Property Guru as increased vaccinations in 2021 are expected to bring more stability as the year progresses. Malaysians are currently experiencing problems obtaining their dream homes. As a result of this research, I was able to determine which variables had the most influence on housing prices using the recent data.

In chapter one, study's background will be reviewed, which includes a broad idea, the real estate market, and each macroeconomic component that affects the Malaysian home price index. Following that, the issue statement will give readers with an in-depth knowledge of this study, followed by the research questions, which will include both the primary research question and specialized research questions. Furthermore, this chapter outlined the general and specific aims of this research. The hypotheses and relevance of the study are explained, and the chapter arrangement is established appropriately. A brief conclusion will be provided at the end of this chapter.