TABLE OF CONTENTS

Page

ABSTRACT…… ii

ACKNOWLEDGEMENTS..... iii

LIST OF TABLES …… vii

LIST OF FIGURES…… …….. viii

LIST OF ABBREVIATIONS…… …… ix

CHAPTER 1: INTRODUCTION.....,..... 1

1.1 Introduction……,……..... 1

1.2 Problem Statement……..... 5

1.3 Research Questions/Objectives..... 8

1.3.1. To investigate the relationships between housing prices and the micro factors..... 9

1.3.1.1 Are there significant relationships between housing prices, supplies in the market and types of residential houses?..... 10

1.3.2 To investigate the relationships between the HPI and the macro economic variables..... 10

1.3.2.1 Are there significant relationships between HPI and GDP, KLIC, CPI, BLR, and FDI?..... 10

1.4 Purpose of the Study…….....10

1.5 Significance of the Study……..10

1.6 Scope of the Study……11

1.7 Organisation of the Study……12

CHAPTER 2: LITERATURE REVIEW :.....13

2.1 Hedonic House Pricing Models……....13

2.2 Housing Price Indexes Development.....18

2.3 Hedonic Regression Limitations…… …....21

2.4 Malaysian Housing Price Index Studies……..23

CHAPTER 3 RESEARCH METHODOLOGY :..... 25

3.1 Introduction 25

3.2 Sampling……26

3.2.1 Unit of Analysis……26

3.2.2 Sampling Procedure……...27

3.3 Definition of the Variables…….. …… 28

3.3.1 Dependent Variable: Micro..... 28

3.3.2 Independent Variables: Micro 29

3.3.3 Dependent Variable: Macro..... 29

3.3.4 Independent Variables: Macro……..... 29

3.4 Model……..... 31

3.4.1 Micro Factors…….. 31

3.4.1 Macro Factors…….. 32

3.5 Hypotheses…… 32

3.5.1 Hypotheses with Micro Variables……...33

3.5.2. Hypotheses with Macro Variables ……. ……. 36

3.6 Data Collection and Preparation…… 37

3.6.1 Sources: Micro……...37

3.6.2 Sources: Macro …… 39

3.6.3 Problems Encountered……..40

3.6.4 Conclusion…….. 42

CHAPTER 4: **RESEARCH RESULTS..... 44**

4.1 Micro Factor Analysis……..... 44

4.1.1Testing of Mean and Median as Unit of Measurement..... 44

4.1.2 Descriptive Statistics…….. 44

4.1.3 Correlation Analysis…… 47

4.1.4 Testing of Hypotheses …… …… 49

4.1.4.1 Regression Analysis ……..…… 49

4.1.4.2 State by State Analysis…….…….. 52
4.1.5 Summary of Research Result …….. 59
4.2 Macro Factor Analysis……..... 62
4.2.1 Descriptive Statistics…….. 62
4.2.2 Correlation Analysis……..…….. 63
4.2.3 Testing of Hypotheses …… …….. 64
4.2.3.1 Regression Analysis ……..…. 64
4.2.4 Summary of Research Result …….. 69
CHAPTER 5: CONCLUSION AND RECOMMENDATIONS..... 71
5.1 Summary and Conclusion..... 71
5.2 Limitations of the Study……..…….. 72
5.3 Suggestions for Future Research ..... ……73
5.4 Implications of the Study..... 73
REFERENCES 75

LIST OF TABLES

Table No.	Description	Page No.
3.1	Number of districts in each state.	27
3.2	Inconsistent data value	42
4.1	Correlation comparison (Sample): Mean Price and Median Price	44
4.2	Descriptive statistics of micro variables	46
4.3	Correlation summary LNPr in each state	48
4.4	Regression model summary	50
4.5	Summary of regression hypothesis results using micro variables	59
4.6	Descriptive statistics macro variables	62
4.7	Correlation summary of HPI	63
4.8	Regression result using macro variables without CPI	64
4.9	Comparison of Change in FDI with HPI	67
4.10	Regression result using macro variables without KLCI	69
4.11	Summary of regression hypothesis results using macro variables	70

LIST OF FIGURES

Figure No.	Description	Page No.
3.1	Theoretical framework of variables affecting hedonic housing price	33
3.2	Bank Negara Malaysia Reference Table	39
3.3	Text and data within one column when downloaded	41
4.1	Chart Comparison of Change in FDI with HPI	67

LIST OF ABBREVIATIONS

Abbreviation	Description
BLR	Base Lending Rates of commercial banks
BNM	Bank Negara Malaysia
DummST	Single Storey Terrace
DummDT	Double Storey Terrace
DummSSD	Single Storey Semi-Detached
DummDSD	Double Storey Semi-Detached
DummDet	Detached
DummLCH	Low Cost House
DummLCF	Low Cost Flat
DummFlat	Flat
HPI	Housing Price Index
JPPH	Jabatan Penilaian dan Perkhidmatan Harta
CPI	Consumer Price Index
LNCPI	Log Consumer Price Index
FDI	Foreign Direct Investment
LNFDI	Log Foreign Direct Investment
GDP	Gross Domestic Products
LNGDP	Natural Log Gross Domestic Products
KLCI	Kuala Lumpur Composite Index
LNKLCI	Log Kuala Lumpur Composite Index
LNPr	Natural Log of Price
LNΔPr	Log Price Change
LNS	Natural Log Supply

LTV	Loan-To-Value