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MACROECONOMIC DETERMINANTS OF MALAYSIAN HOUSE PRICES: AN ARTICLE REVIEW

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Abstract

This paper synthesizes a review of the Malaysian housing market to identify its primary drivers, evaluate the effectiveness of its policy toolkit, and propose avenues for future research. Analysis of demand-side factors shows that real activity, income growth, and monetary conditions are key short-run drivers, while the exchange rate emerges as a particularly strong long-run influence due to imported input costs and its signaling of global financial conditions. The effectiveness of borrower-based macroprudential tools in mitigating credit-driven risks is also highlighted. On the supply side, localized overhang and limited developable land in urban nodes are identified as key challenges. The paper argues that effective policy requires strong coordination between demand-side management and structural supply reforms, with an emphasis on a risk-based approach to financial surveillance. It concludes by proposing high-value research, including state-level panel analysis, the use of satellite imagery to measure supply elasticity, microdata analysis of borrower behavior, and the development of a "house prices at risk" model to enhance policy calibration and communication.

Keywords: Macroeconomic Determinants, House Prices, Article Review

JEL Classifications: R31, E44, G21

1. Introduction

Housing is a critical issue in Malaysia because a home serves as both a consumption good and a major financial asset for households. The housing market's significance extends to the broader economy, as mortgages make up the majority of household liabilities and a substantial portion of bank assets. Rapidly rising house prices can increase credit access for borrowers and reduce perceived default risk for lenders, making the economy more vulnerable to future corrections.

Malaysia's housing market has navigated several key periods: the global financial crisis, a shift to a new macroprudential policy framework beginning in 2010, the COVID-19 pandemic shock, and the global interest rate hikes of the early 2020s. A comprehensive analysis must connect these distinct periods, showing how macroeconomic drivers, policy changes, and supply structures interact. Recent official assessments from Malaysian authorities indicate that household repayment ability is still sound. House price growth and transaction volumes have returned to pre-pandemic levels, while specific areas of overhang, or unsold properties, reflect mismatches in location and price rather than a nationwide oversupply. These official findings are crucial for understanding the subsequent analysis and are detailed in official reports (BNM 2024a, BNM 2024b, NAPIC 2024).

This review addresses two core, interconnected questions. First, what are the long-term macroeconomic forces that influence Malaysian house prices, and how are these forces transmitted during short-term shocks or policy interventions? Second, to what extent do supply constraints and market structure shape the price response to these forces, and how do they contribute to ongoing affordability issues and regional price differences?

To answer these questions, the review adopts a framework that analyzes demand, finance, and supply. The focus is on Malaysian evidence, particularly studies using cointegration or vector frameworks that account for the clear regime shifts that occurred after 2010 and throughout the 2020s. While international research is used to provide context and interpret Malaysian trends, it does not replace the primary focus on domestic evidence. The review primarily draws from reputable academic journals, recognized institutions, and influential policy papers, including cross-country analyses by the Bank for International Settlements and recent risk-based frameworks from the International Monetary Fund and the OECD (Tsatsaronis and Zhu 2004, Deghi et al. 2020, OECD 2021).

2. Conceptual channels

Figure 1: Malaysian Housing Market Analysis

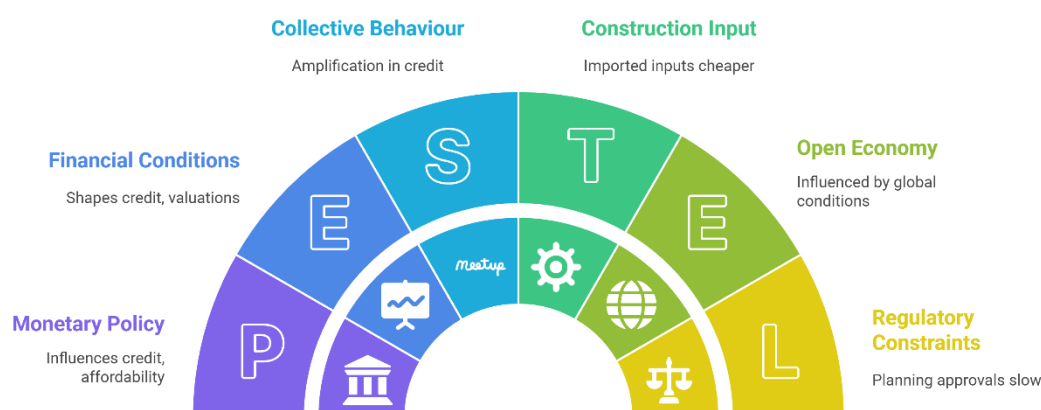


Figure 1 is a conceptual map that aligns the various results and methods discussed. Household demand for housing is driven by several key factors: permanent income, the user cost of ownership, and expectations of future prices. During periods of economic expansion, rising real incomes enable more households to form or upgrade, increasing demand for both owner-occupied and investment properties. This, in turn, drives up prices when supply is inelastic. The user cost of housing decreases when nominal interest rates fall or when strong appreciation is anticipated, which boosts valuations by increasing the discounted value of future housing services. Monetary policy and broader financial conditions influence these factors and also shape the supply of credit. For instance, a policy rate change can impact borrowers' monthly affordability while also affecting lenders' risk appetite. This dual effect explains why monetary policy can quickly shift both transaction volumes and prices, a phenomenon observed in Malaysia and supported by international evidence (Tsatsaronis and Zhu 2004, BNM 2024a).

The relationship between inflation and house prices is complex. While higher inflation can lead to a rise in nominal house prices due to the perception that housing is a hedge against inflation and the pass-through of increased construction costs, it can also coincide with tighter financial conditions. When this occurs, the real user cost of housing can rise, which decreases real valuations. Malaysian studies that account for these variables often find a mixed or negative long-run relationship between inflation and real price growth once interest rates and exchange rates are factored in. This suggests that in the long run, policy responses and affordability concerns outweigh the nominal effects of inflation (Kabiné 2022, Pinjaman and Kogid 2020).

As an open economy, Malaysia's housing market is significantly influenced by global conditions, particularly through the exchange rate and imported construction materials. When the ringgit appreciates, imported inputs become cheaper, and Malaysian assets may become more appealing to foreign investors. Conversely, a depreciation can increase cost pressures and may align with tighter global financial conditions, raising local user costs even without a change in domestic policy rates. This open-economy dynamic is a critical driver of Malaysian house prices, as time-series evidence indicates

the exchange rate is one of the most powerful macroeconomic influences. Research also shows that stock prices are not significant drivers once other macroeconomic factors are controlled for (Pinjaman and Kogid 2020). Additionally, commodity price cycles influence Malaysia's overall macroeconomic conditions and income levels, which in turn affect housing demand over business cycles, a trend supported by recent evidence of medium-term co-movement between commodity prices and Malaysian growth (Pinjaman et al. 2024).

Collective behavior in credit and housing markets can amplify price movements. When house prices increase, collateral values rise, which relaxes lending constraints and boosts borrowing capacity. Banks, seeing lower default rates and higher collateral values, may increase credit supply to qualified borrowers even without policy changes. Borrower-based macroprudential rules are designed to counteract these feedback loops by imposing direct limits on leverage. These rules are often used in conjunction with interest rate policy. International studies show that such tools effectively curb credit growth and slow house price appreciation, with stronger and more persistent effects in bank-dominated systems like Malaysia. This suggests these tools have been particularly effective in the Malaysian context over the last decade (Akinci and Olmstead Rumsey 2018, Cerutti et al. 2017, Kuttner and Shim 2016).

The elasticity of supply determines whether a demand shock results in a price change or a change in the number of new homes built. In areas with scarce land, slow planning approvals, or significant developer market power, the supply response to demand is low, causing prices to react sharply. International research confirms that both geographic and regulatory constraints increase a market's sensitivity to demand shocks. This is directly relevant to Malaysia, where market pressure points are often regional and institutional rather than national. Landmark studies demonstrate that metropolitan areas with limited land experience larger price increases in response to income growth. Similarly, regulatory constraints have been shown to have a comparable effect in contexts like England. These findings are consistent with the situation in Malaysian urban centers, where both geography and planning regulations are significant constraints (Saiz 2010, Hilber and Vermeulen 2016).

3. Measurement choices for Malaysian studies

The Malaysian House Price Index (HPI), published by the National Property Information Centre, is the standard measure used in national time-series research. The HPI can be broken down by state and property type, which allows for more specific regional or segment-based studies.

Researchers typically link this index to various macroeconomic series, including:

- Real gross domestic product or household income
- Policy and market interest rates
- The consumer price index and inflation
- Monetary aggregates and bank credit
- Exchange rate indicators
- Construction cost indices

Official sources like the Financial Stability Reviews from Bank Negara Malaysia provide crucial context on underwriting standards, debt service metrics, and the composition of housing credit. These reports are essential for pinpointing policy changes and verifying the narrative behind empirical results. They also document patterns of overhang (unsold properties) and affordability, which helps ground the analysis in the realities of the housing market as it evolves through different economic cycles and policy regimes (BNM 2024a, BNM 2024b, NAPIC 2024).

Malaysian studies often use autoregressive distributed lag (ARDL) models with bounds testing and error correction. This approach is preferred because the data series are often of mixed order, and it clearly distinguishes between short-run and long-run influences. Researchers also use vector error correction models or structural vector autoregressions to capture the dynamic interactions between variables like interest rates, credit, and house prices. Given Malaysia's significant policy and external shifts, it's crucial to perform structural break tests and use sub-sample checks. This prevents researchers from mistaking temporary stability for genuine long-term relationships. For example, using a long-term sample with a focus on structural breaks provides clearer evidence for the exchange rate channel. Malaysian research that adopts this methodology produces stable and interpretable findings that align with the country's open-economy context, as demonstrated by the work of Pinjaman and Kogid (2020).

4. Malaysian evidence with emphasis on recent work

4.1 The role of income and real activity

Evidence from Malaysia confirms that income growth and economic expansion support housing demand. However, the estimated impact varies depending on the research model and time period, and the long-run effect can even become negative in some regressions when factors like inflation, interest rates, and exchange rates are included. A recent study in the *International Journal of Housing Markets and Analysis* found that while GDP has a positive short-run effect on the housing index, the long-run impact is sensitive to the model used. This highlights the challenge of identifying the permanent component of income in small samples that contain structural breaks and significant changes (Kabiné 2022).

The affordability literature complements this finding by showing that rising prices disproportionately affect younger and lower-income groups, especially in high-demand states. Since 2010, affordability has worsened for many of these cohorts, suggesting that income gains alone have not been enough to contain price-to-income ratios in the market's hotspots. This is consistent with the significant influence of user costs and supply constraints (Rangel et al. 2023). Adding further depth to this narrative, a recent Malaysian study using the Toda-Yamamoto framework reported a bidirectional link between house prices and economic growth, as well as between house prices and income inequality (Pinjaman et al. 2023).

4.2 Interest rates, money and credit

Research using Malaysian data shows that tighter interest rates reduce house price growth, and that credit aggregates move in tandem with prices. This is consistent with a bank-dominated financial system where many mortgages are priced based on the central bank's policy corridor. Earlier studies found a bidirectional link between prices and bank credit at both aggregate and disaggregate levels (Ibrahim and Law 2014). This pattern remains relevant for policy oversight today, as it highlights a credit amplification loop where collateral values and credit supply reinforce each other during both economic upswings and downturns. The relationship with equity markets varies. Some urban centers show a strong co-movement between stock and housing markets, but the national relationship is often weak. This mirrors findings in other bank-based systems where housing and equity wealth are held by different types of households and investors (Lean and Smyth 2014).

From a policy perspective, Bank Negara Malaysia has introduced key measures to manage this risk. In 2010, it implemented borrower-based limits on loan-to-value (LTV) ratios for third and subsequent mortgages. In the following years, it refined its responsible financing guidelines to limit loan tenors and encourage more realistic debt service assessments (BNM 2010, BNM 2011, BNM 2012). These measures have reduced the housing market's sensitivity to monetary policy changes and explain why

recent cycles have not seen the same degree of speculative leverage as in earlier periods. Supervisory data confirms that mortgage quality has remained resilient throughout these cycles (BNM 2024a, BNM 2024b). Malaysian studies further support this narrative. Decomposition analysis shows that financing conditions account for a large portion of house price variations, even when macroeconomic controls are included (Kok et al. 2018). More recently, ARDL models have found significant associations between the house price index and key macro variables like output, inflation, and the exchange rate, reinforcing the central role of monetary and financial conditions (Zulkifli et al. 2022).

4.3 Inflation and the price of housing services

When inflation is high due to cost shocks, like those in the tradable goods sector, the construction cost index rises. Developers often pass these higher costs on to consumers through higher launch prices, especially in markets where they have significant power. Conversely, when high inflation is a result of broad demand, and policy responds with higher interest rates, the real user cost of owning a home increases, causing valuations to decline.

Malaysian time-series studies reflect these offsetting forces. They often find a positive or mixed relationship between inflation and house prices in the short run. However, the link becomes weaker or even negative in the long run once the effects of interest rates and exchange rates are factored in. This pattern highlights the need to differentiate between nominal and real price growth. It also underscores the importance of including policy reactions in the model, which helps explain the mixed long-run results found when inflation, interest rates, and exchange rate indicators are included in Malaysian ARDL specifications (Kabiné 2022, Pinjaman and Kogid 2020).

4.4 Exchange rate effects in an open economy

Among Malaysia's specific determinants, the exchange rate stands out as a key driver of house prices. A peer-reviewed study using data from 2000 to 2018 found that appreciation of the local currency is associated with higher house prices in the long run. This effect was shown to be stronger than that of GDP, interest rates, or inflation. The study also noted that stock prices are generally not significant after accounting for other controls (Pinjaman and Kogid 2020).

This result aligns with several channels: a stronger ringgit lowers the local cost of imported construction materials, often signals stronger global financial conditions and lower risk premiums, and can attract cross-border asset demand. The finding that the exchange rate is a leading driver is crucial for risk management. It connects the downside risk in the housing market to periods of global financial tightening and currency weakness. This is consistent with international "house prices-at-risk" research and suggests that exchange rate movements should be a consideration for setting Malaysia's macroprudential policy (Pinjaman and Kogid 2020, Deghi et al. 2020).

4.5 Supply, developer behaviour and overhang

International research shows that housing prices react more strongly to demand shocks when supply is limited by geography and planning regulations. This finding is highly relevant to Malaysia, where high-demand areas experience more persistent price pressure over time.

Market reports and policy commentary highlight a mismatch between the types of properties developers build and what households can afford. This has led to localized overhang in specific price points and locations, rather than a nationwide glut. There's also increasing interest in how developer market power and the financialization of real estate might influence pricing and product mix, potentially amplifying the effects of macroeconomic demand.

Official snapshots and supervisory reports support this view by detailing the distribution of launches and sales by price band and state, noting where overhang is persistent. This suggests that the composition of supply and the friction in approval processes are as crucial as aggregate volumes in understanding the link between macroeconomic factors and prices in Malaysia (NAPIC 2024, BNM 2024a, BNM 2024b). This perspective is also aligned with international studies on supply elasticity (Hilber and Vermeulen 2016, Saiz 2010), and is supported by survey-based evidence from Malaysian researchers who point to demography, geographic constraints, and land regulations as important drivers of pricing (Pinjaman et al. 2022).

5. International evidence that informs the Malaysian case

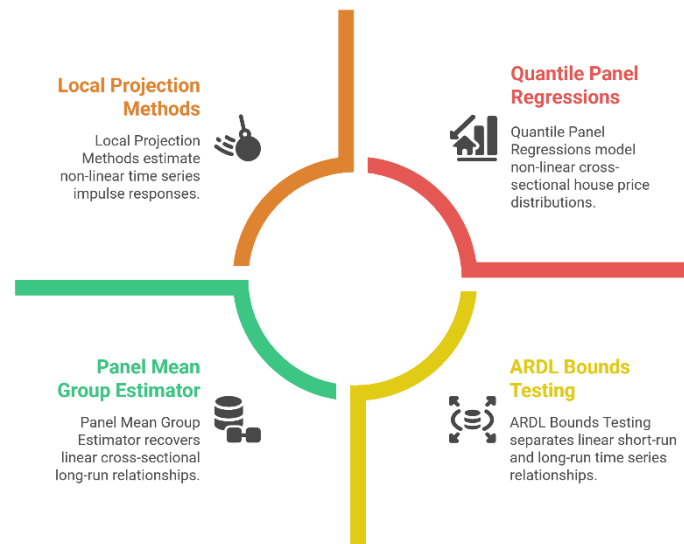
International studies confirm that real house prices respond to changes in income and interest rates. This effect is stronger in places with rapid policy rate transmission through mortgage contracts and loose credit standards, a configuration that historically applied to many bank-dominated systems, including Malaysia before its borrower-based rules were introduced (Tsatsaronis and Zhu 2004). A newer area of research uses quantile methods to measure the downside risks to house price growth. It shows that a combination of overvaluation, rapid credit growth, and tight financial conditions increases the likelihood of a major price decline in the next one to three years. This research also finds that borrower-based macroprudential tools are effective at reducing these risks, particularly when adjusted in a countercyclical way. This aligns with Malaysia's focus on serviceability and prudent underwriting during recent economic cycles (Deghi et al. 2020, Akinci and Olmstead Rumsey 2018, Cerutti et al. 2017). Other studies on lending restrictions show that such measures curb credit growth and lower future house price inflation, supporting their use in bank-intermediated systems like Malaysia (Poghosyan 2020). Recent microdata work reinforces these aggregate findings, confirming that leverage limits successfully reduce housing risk at the borrower level (Singh 2023).

International research demonstrates that when supply is inelastic due to geography and planning, prices react more strongly to demand shocks. This general finding directly explains patterns in Malaysia's high-demand areas, such as the Klang Valley and Penang Island, where topography and regulations limit the supply response. Similarly, research on the English housing market identifies specific regulatory constraints that amplify local demand surges by limiting new supply (Hilber and Vermeulen 2016). This mechanism resonates with Malaysia's own planning processes and approval timelines. These are not just isolated examples but rather general scientific findings that provide a credible framework for interpreting Malaysia's regional patterns and for designing supply-side reforms aimed at increasing elasticity in high-pressure areas (Saiz 2010, Hilber and Vermeulen 2016, Glaeser and Gyourko 2018).

There is a broad consensus that borrower-based instruments deliver the most persistent macroprudential effects. Reviews and panel studies show that these tools effectively reduce the growth of bank credit and lower house price appreciation, with their impact remaining visible for several years. In contrast, institution-based tools can have weaker or less targeted effects on housing markets (Kuttner and Shim 2016, Akinci and Olmstead Rumsey 2018, Cerutti et al. 2017, OECD 2021). This evidence supports Malaysia's policy choice to directly target borrowing constraints. The decision to limit loan-to-value ratios for multiple mortgages and to restrict loan tenors aligns with the goal of cooling housing leverage without excessively restricting productive lending, while also maintaining close supervision of debt service ratios and underwriting quality.

6. Methods that bring identification and robustness

Figure 2: Econometric Methods for Malaysian Housing Market Analysis



Malaysian research frequently uses cointegration approaches, as seen in Figure 2, because the relevant economic series are often non-stationary. The Autoregressive Distributed Lag (ARDL) bounds test is a popular choice because it can handle data with mixed integration orders and clearly separates short-run dynamics from long-run relationships.

This method is effective as long as it accounts for the multiple structural changes Malaysia has experienced in the last two decades. Using break-robust unit root and cointegration tests, or time-varying parameter models, is therefore crucial. Studies that incorporate these breaks find that the coefficients on macro drivers like the exchange rate become more stable and economically meaningful. This reduces the risk of incorrectly attributing a regime shift to a simple change in parameter values. For instance, Malaysian research that includes formal break tests reports faster convergence back to the long-run path after short-run shocks than would be inferred from a simpler model with constant parameters (Pinjaman and Kogid 2020).

Vector autoregressive (VAR) methods are useful for understanding the dynamic responses to shocks. With sign or narrative restrictions, a researcher can identify a monetary tightening shock and trace its effects on house prices, credit, and the exchange rate within a single system. This allows for the comparison of responses during periods of high versus low leverage. Local projection methods can also complement VARs by estimating impulse responses with fewer assumptions and by allowing for non-linearities, which is particularly valuable for assessing risks when credit conditions are tight or the market is overvalued.

Panel approaches allow researchers to leverage cross-sectional variation across different Malaysian states or localities. A panel mean group estimator can identify common long-run relationships while accommodating the short-run heterogeneity expected in a diverse federation. Quantile panel regressions can model the distribution of future house price growth, focusing on tail risks rather than just average outcomes. This aligns with the "house prices at risk" methods used by international institutions and is highly relevant for policy. Additionally, spatial econometrics can be used to analyze spillovers between neighboring districts or states, particularly as road and rail connectivity change the effective reach of housing markets.

Finally, Spatial and microdata are essential for identifying supply-side effects. For example, satellite-based terrain data can be adapted to Malaysian geography to proxy for developable land. This helps explain why some metropolitan areas, like the Klang Valley and Penang Island, face more persistent price pressure. Simultaneously, administrative data on planning approvals and developer financials can

be used to measure market power and determine if seller concentration influences primary market pricing. A Malaysian version of these methods would help explain why certain states experience more persistent price pressure and overhang than others. It would also provide a solid basis for evaluating the effectiveness of targeted supply programs and approval reforms over time (Saiz 2010, Hilber and Vermeulen 2016).

7. Synthesis of determinants in Malaysia

Real activity and income growth raise effective demand for housing in Malaysia, supporting higher prices over the medium term. This aligns with the positive short-run income effects found in Malaysian ARDL studies and the intuitive link between employment income and household formation. Monetary conditions and interest rates are also powerful in the short run as they shift user costs and monthly affordability for borrowers while also affecting bank funding costs and risk appetite. Credit aggregates are linked to prices through an amplification loop where collateral values and bank health move together. However, Malaysia's borrower-based limits temper extreme outcomes by constraining leverage and enforcing serviceability, which helps maintain debt quality through economic cycles.

Meanwhile, inflation impacts house prices through both cost and policy channels, explaining the mixed results in long-run studies that control for interest rates and exchange rates. The exchange rate is a particularly strong driver in Malaysia. A stronger ringgit lowers imported input costs for construction and signals favorable global financial conditions, which can increase local demand for assets. This is consistent with a break-robust Malaysian study that found the exchange rate to be a dominant long-run driver and with international risk-based evidence linking downside house price risk to tightening financial conditions and currency weakness (Pinjaman and Kogid 2020, Deghi et al. 2020).

On the supply side, there is strong evidence that urban areas with limited developable land and strict approval processes experience larger price changes in response to macroeconomic impulses. There is also suggestive evidence that developer behavior and market concentration influence primary market pricing. Overhang and vacancy remain localized issues, pointing to a mismatch in the product mix rather than a nationwide oversupply. Official data confirms that mortgage quality is sound and underwriting standards remain prudent. This changes how macro shocks transmit through the system compared to markets dominated by speculative leverage. It also supports Malaysia's approach of combining borrower-based tools with continuous supervisory monitoring and data transparency (BNM 2024a, BNM 2024b, NAPIC 2024, Saiz 2010, Hilber and Vermeulen 2016).

8. Policy implications with an eye on risk and feasibility

When global or domestic easing leads to rapid price gains driven by lower user costs and easier credit, borrower-based tools can be tightened in a targeted way. This approach slows down leverage without derailing economic recovery in other sectors. Evidence shows these tools effectively dampen credit growth and cool price appreciation in bank-based systems like Malaysia (Akinci and Olmstead Rumsey 2018, Cerutti et al. 2017, Kuttner and Shim 2016). Conversely, when financial conditions tighten sharply and the ringgit weakens, the focus shifts to managing downside risk, where "house prices at risk" rise. In this environment, the most effective macroprudential stance is to focus on loan quality and serviceability, rather than on broad restrictions. This aligns with Malaysia's responsible financing guidelines and its supervisory emphasis on affordability metrics. It also mirrors international findings that macroprudential and monetary policies should be coordinated with a clear focus on tail risks (Deghi et al. 2020, BNM 2024a, BNM 2024b).

For durable improvements in the housing market, supply reforms must complement demand management. Efforts that reduce uncertainty and time in planning approvals, release serviced land in

high-demand corridors, and invest in transport connectivity can increase supply elasticity where it is most needed. Greater transparency in construction costs and input pricing will also help to prevent temporary cost spikes from being passed on to consumers. Where overhang reflects the strategic holding of completed units, a calibrated vacancy tax has been proposed in Malaysian policy discussions. This tool could be piloted and evaluated with clear metrics to bring units to market more quickly, while protecting buyers and lenders from excessive cyclicality. This policy logic draws on the general supply elasticity literature and on Malaysian policy analysis that documents persistent mismatches in some localities (Hilber and Vermeulen 2016, Saiz 2010, KRI 2023, NAPIC 2024).

Malaysia should continue to use robust surveillance based on the distribution of outcomes, not just on average values. International "house prices at risk" research shows that overvaluation and rapid credit growth increase downside risks, which in turn predict weaker economic growth and higher crisis probabilities. Embedding such risk-sensitive models into Malaysian surveillance would sharpen the timing and magnitude of macroprudential adjustments and allow for a more transparent dialogue with the public on why borrower-based limits are tightened or loosened. The IMF's framework can be adapted to Malaysian data and integrated with supervisory stress testing. This would align macroprudential policy with the distribution of likely outcomes rather than a single central forecast path, which is especially important for an open economy exposed to global financial cycles and exchange rate shocks (Deghi et al. 2020, OECD 2021, BNM 2024a).

9. Research agenda designed for Malaysian questions

Future research in Malaysia's housing market should focus on four key areas to provide sharper, policy-relevant insights. First, building state-level panels with consistent data on prices, incomes, mortgage rates, and construction costs would allow for a deeper understanding of regional differences and supply constraints. This approach could reveal whether the effects of borrower-based tools vary across states with different housing supply elasticities and income distributions.

Secondly, adapting international methods, such as using satellite data to identify developable land, would provide a credible proxy for supply elasticity in Malaysia. A Malaysian-specific terrain index could help identify areas where planning reforms and infrastructure investments would yield the largest gains in supply elasticity. This would allow policymakers to directly target reforms in regions that need them most. Furthermore, linking loan-level mortgage data with household income and property characteristics, under strict privacy safeguards, would enable a detailed evaluation of borrower-based rules. Such analysis could provide crucial insights into how first-time buyers are affected by changes in loan-to-value or debt service caps, which is a highly relevant social and policy question.

Finally, developing a Malaysia-specific "house prices at risk" (HP-a-R) model would shift the policy focus from single-point forecasts to a probabilistic distribution of outcomes. This would quantify the likelihood of large price declines under various scenarios, such as different monetary policies, macroprudential settings, and exchange rate movements. Integrating such models with supervisory stress testing would align macroprudential policy with a more complete understanding of tail risks, consistent with international best practices and institutional guidance (Saiz 2010, Hilber and Vermeulen 2016, Deghi et al. 2020, OECD 2021).

10. Conclusion

In conclusion, effectively navigating the complexities of the Malaysian housing market requires a well-coordinated and multi-faceted policy approach. Our analysis shows that a unified toolkit encompassing monetary policy, targeted macroprudential regulation, and proactive structural reforms on the supply

side is crucial for achieving stable and sustainable housing outcomes. By synchronizing these levers, policymakers can better manage cyclical risks, such as those fueled by easy credit, while also addressing persistent structural issues like land scarcity and supply-demand mismatches. Ultimately, the path forward for Malaysian housing policy lies in a shift towards more granular, data-driven, and risk-sensitive surveillance. The proposed avenues for future research, including the development of state-level panels, the use of a satellite-based supply index, and the implementation of a robust "house prices at risk" model, are designed to provide policymakers with the sharper analytical tools needed to anticipate and respond to evolving market dynamics. This will not only improve the timing and calibration of policy interventions but also enhance transparency and public dialogue, ensuring the housing market continues to support broad-based economic stability and social well-being..

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