

“The impact of macro-economic factors on real estate price index: A case of Pakistan”



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Abstract

The real estate industry is comprised of huge investment and is playing integral role in boosting economy of the nation. In developed and developing nation over the last decade real estate investment have been increasing dramatically in both real and nominal terms. Macroeconomic factors are the factors that impact the economy of the nation. Macro-economic factors and real estate market are interlinked. This study attempted to examine the impact of macroeconomic factors on real estate index in Pakistan. The study explored the theory of supply and demand. The variables used in the study are obtained from secondary sources. Simple linear regression model is used in the study. The study found that real estate price index in Pakistan is impacted by inflation, market return and interest rate. Unemployment has no significant impact on real estate price index. The study further recommended that government and other financial institution should ensure that inflation, market return, interest rate should be properly managed so that they do not interfere with investment in real estate sector.