



The Influence of Economic Factors on Investment Decisions in Property & Real Estate Sub-Sector Companies Listed on the Indonesia Stock Exchange for the Period 2020-2023

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Abstract

This study aims to determine the effect of economic factors on investment decisions, especially in property and real estate companies listed on the Indonesia Stock Exchange for the period 2020-2023. The economic factors that are the focus of this research are inflation and interest rates, with investment decisions proxied by the Price Earning Ratio (PER). The sample in this study consisted of 8 companies selected using a non-probability sampling method with purposive sampling technique. Meanwhile, the research population includes all property and real estate companies listed on the Indonesia Stock Exchange as many as 94 companies. The method used in this research is a quantitative method with an associative approach. Data analysis was carried out using multiple linear regression techniques to measure the effect of inflation and interest rates on investment decisions. The results showed that inflation has a positive and significant influence on investment decisions as measured by Price Earning Ratio (PER). This means that an increase in inflation drives an increase in PER, which indicates that investors still have optimism about the prospects for investment in the property and real estate sector despite inflationary pressures. Conversely, interest rates have a positive and significant effect on investment decisions, which means that an increase in interest rates causes a decrease in PER. This shows that when interest rates increase, investors tend to shift their investments to safer instruments, thereby reducing interest in stocks in the property and real estate sector.

Keywords: *Investment Decision, Inflation, Interest Rate, Price Earning Ratio.*

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1. Introduction

In today's ever-growing digitalization era, there is so much information about the ease of investment, such as information data that must be processed as a consideration in investing. Investment refers to the act of allocating or setting aside funds over a specific time frame with the expectation that this allocation will generate returns or lead to an appreciation in the value of the invested assets [1]. Someone who invests is called an investor or capital investment. The capital market serves as a key financial instrument in the modern economy that serves as a means of mobilizing funds from surplus units to deficit units. Investment decisions in the capital market are complex choices and are influenced by various factors, both internal and external. Investors, both individuals and institutions, always try to maximize risk in making investment decisions [2].

Today's rapid technological advancements have made a huge impact on the way we transact in property and real estate, making the process more practical and convenient for all parties. Through online property search platforms, prospective buyers and renters can now easily explore a wide selection of properties in just a few clicks, without the need to visit the location in person. In addition, the utilization of data analysis in assessing market prices and monitoring trends also makes it easier for investors to enable better-informed choices in investment strategies. By understanding the key aspects of real estate, we can make good decisions in buying, selling or investing in property.

PER (price earning ratio) is a comparison ratio between the market price of shares per share and net income per share that will be obtained by the company, investors utilize the PER to assess a company's potential for generating future profits. [3]. Investors tend to choose company shares with a low PER, because this shows relatively high profits at a more affordable share price. PER describes the value of the price to be paid per each rupiah of company profit, and is a comparison between market price and earnings per share. These factors need to be considered before making decisions regarding dividend payments [4].

PER is often used as an indicator by investors to make investment decisions in stocks. PER is utilized to estimate a company's potential to produce earnings in the future [5]. And one of the ratios that is widely used in making

investment decisions and to measure stock performance in the stock market is the price earning ratio [6]. PER is a ratio that indicates the pace at which a company is expanding. This suggests that strong company investments tend to enhance overall performance, prompting a positive reaction from investors, who are more likely to purchase the company's shares ultimately driving up the stock price. Conversely, poor investments may lead to the opposite effect [7]. PER is one method commonly applied by securities analysts in assessing the value of a stock. This ratio gives management an idea of investors' perceptions of the company's future risks and prospects. For investors, PER is considered an indicator of the company's capacity to produce earnings in the long term [8]. Net income reflects a company's financial performance as well as is used as the basis for calculating various financial ratios, including the PER. And the use of the PER ratio is to evaluate whether the company's shares are overvalued (including expensive) or undervalued (too cheap) based on the company's net income. Based on the company's net profit (loss) data from 2020-2023, there are significant fluctuations in the financial performance of the various companies analyzed. Some companies showed consistent growth, while others experienced volatility or even sizable losses. As some companies did not file financial statements and some were stable each year and some companies also experienced rapid losses over the three-year period. This illustrates the intricate nature of the industry, shaped by multiple contributing factors, both internal and external. As can be used as a reference, namely in the financial statements of PT Bumi Serpong Damai Tbk (BSDE) through the idx.co.id page (Indonesia Stock Exchange) shows quite stable growth, with net profit increasing from IDR 281 billion in 2020 then IDR 1.34 trillion in 2021 to IDR 2.43 trillion in 2022 although it decreased slightly to 1.94 trillion in 2023, this shows the company's business resilience amid economic challenges. In contrast, PT Bakrieland Development Tbk (ELTY) recorded negative net income in a row from 2020-2023, with numbers that continued to decline, namely from IDR -240.6 thousand in 2020 then IDR -20.19 thousand in 2021 to IDR 245.3 thousand in 2022, and IDR 1.079 million in 2023, reflecting a less stable financial condition. Then at PT Duta Pertiwi Tbk (DUTI) experienced a very large jump in profit, from IDR 533.7 million in 2020 then IDR 659.8 million in 2021, to IDR 747.5 million in 2022 and increased again to IDR 1.06 billion in 2023. This condition reflects an effective business strategy or external factors that are favorable to the company. So this variation in performance shows that the business sector analyzed has diverse business dynamics, affected by internal and external aspects such as company strategy, macroeconomic conditions on the company's financial performance [9].

The property sector is an important part of the national economy because it plays a role in providing housing, contributing to gross domestic product (GDP), also serves as a measure of a nation's economic progress. However, in recent years, economic conditions affected by aspects such as interest rates and inflation, have created their own challenges for business actors in the sector, including in making investment decisions, particularly within property sub-sector firms registered on the Indonesia Stock Exchange [10].

The development of the capital market is strongly influenced by external conditions, such as inflation rates and changes in interest rates, which can significantly affect investment movements. Inflationary changes are general and continuous changes in the prices of goods and services within a certain period of time and an important factor to consider when investing in the capital market [11]. High inflation has the potential to weaken people's purchasing power and increase production costs. Some of the factors that drive inflation include a surge in demand, rising production costs, increased wages, and price volatility in the international market. While low levels of inflation can stimulate consumption activity, excessive inflation creates uncertainty in the economy. Conversely, deflation - a general decline in prices - can cause consumers and businesses to postpone spending and investment, hindering economic growth. To maintain stability, it is necessary to implement monetary and fiscal policies that are effective in controlling the inflation rate [12].

Interest rates are the price that needs to be paid to borrow money or the return earned when saving [13]. In the capital market, interest rates greatly influence investment decisions. When interest rates rise, stock prices tend to fall because investors are more interested in investments with higher fixed interest rates. Conversely, if interest rates fall, prices are high. Interest rates also affect bond prices and companies' decision to invest. Interest rates play an important role in controlling the rate of inflation. When the central bank raises interest rates, it suppresses consumption and investment levels, thus helping to dampen inflationary pressures. A deep understanding of the dynamics and relationships between these economic factors is crucial in designing appropriate policies to maintain price stability and promote sustainable economic growth [14]. Basically, interest rates have an influence on the interest rate of deposits, which is one of the main considerations for investors in determining their investment choices. When interest rates rise, the return on deposits also increases, so investors tend to choose to keep their funds in the form of deposits rather than allocating them to the stock market [15].

In recent years, global economic conditions have experienced high uncertainty due to the impact of the COVID-19 pandemic, geopolitical tensions, and changes in monetary policy from central banks in various countries. In Indonesia, inflation and interest rates have experienced significant fluctuations, which directly or indirectly affect investment decisions in the capital market [16]. The property sector is one of the most sensitive sectors to changes in these macroeconomic conditions, given that this sector is highly dependent on the stability of

purchasing power and long-term financing. Therefore, it is important to understand how macro variables such as inflation and interest rates can affect investment performance indicators such as price earning ratio (PER) in property sub-sector companies. This research is relevant and urgent to do as a basis for decision making by investors and company management [17].

This research has novelty in several aspects, namely first, this study examines the simultaneous influence of inflation and interest rates on the price earning ratio (PER) in property sub-sector companies listed on the Indonesia Stock Exchange, which is still rarely discussed simultaneously in the previous literature. Second, the time span analyzed covers the period 2020 to 2023, which is a post-pandemic period full of economic dynamics and changes in fiscal and monetary policies, thus providing a new perspective on market response. Third, the analytical approach used includes an F-test to see the simultaneous effect of both variables on PER, which contributes to the methodology in understanding the complex interaction between macroeconomic factors and financial indicators of property sector companies.

Based on the description above, it can be concluded that economic factors have an important role in influencing investment decisions, especially in property sub-sector companies. In this study, researchers projected economic factors with inflation and interest rates while investment decisions were proxied by the price earning ratio (PER). Therefore, this study will further examine "The Effect of Economic Factors on Investment Decisions in Property and Real Estate Sub-Sector Companies Listed on the Indonesia Stock Exchange for the Period 2020-2023".

2. Research Methods

In this study, the type of research used is quantitative research to analyze data to test hypotheses or solve problems and situation analysis is carried out using statistical methods to measure numbers and also associative methods are included in this study. As for the definition of an associative approach, an associative research strategy is a research problem that has the aim of asking about the relationship between two or more variables. According to [18] associative strategy is a strategy applied in seeing the relationship of several variables which is the relationship between these two variables is causal.

According to [19] Quantitative methods refer to a research approach grounded in the principles of positivist philosophy, that serves to study certain samples or populations. Data collection is done using research tools or instruments, and data analysis is done quantitatively or statistically. The main purpose of quantitative research is to describe phenomena and test predetermined hypotheses. This research is conducted by means of measurement, so quantitative researchers rely on research instruments to collect data. The numbers that have been analyzed and formulated are used as accurate information in research. This method is also known as the scientific method because it fulfills scientific principles, namely concrete / empirical, objective, measurable, rational, and systematic.

Table 1. Operational Variables

	Variables	Sub Variables	Indicator	Scale
1	Investment Decision (Y)	Price Earning Ratio (PER)	Price Earning Ratio (PER) $= \frac{\text{Share Price per Sheet}}{\text{Earnings Per Share (EPS)}}$	Ratio
2	Economic Factors (X)	Inflation	Annual Inflation Rate	Ratio
		Interest Rate	Annual Interest Rate	Ratio

2.1. Population

A deep understanding of the concept of population is an important aspect of research, as this directly affects the validity of the research results. A population refers to a broad group encompassing objects or subjects that share specific attributes and traits, which researchers examine to analyze and derive conclusions. It is important to note that a population is not merely the count of these objects or subjects but also includes the full range of their inherent characteristics and properties [18]. In this study, the entire population of property and real estate companies listed on the Indonesia Stock Exchange is 94 companies.

2.2. Sample

In quantitative research, a sample is defined as part of the population selected for analysis, with the aim that The findings of the research can be applied broadly to represent the whole population. The sample in quantitative research serves as the main source of relevant secondary data, where the secondary data is collected by other parties for different purposes [20].

Sampling techniques can be divided into two main categories, namely probability sampling and non-probability sampling [18]. this research takes the non-probability sampling category with purposive sampling. In

non-probability sampling, population elements do not have an equal chance of being selected. No sample is randomly selected; instead, purposive sampling techniques are selected intentionally based on reasons deemed relevant by the researcher, allowing the researcher to focus on groups or individuals relevant to the research objectives. The research sample criteria are as in Table 2.

Table 2. Sampling Criteria

No.	Sample Selection Criteria	Pro	Cons
1	Population of property and real estate companies listed on the Indonesia Stock Exchange for the period 2020-2023	94	-
Sampling Based on Criteria (<i>Purposive Sampling</i>)			
2	Property and real estate companies that do not report financial statements on the Indonesia Stock Exchange in a row for the period 2020-2023.	87	7
3	Property and real estate companies that do not report complete financial reports on the Indonesia Stock Exchange in the period 2020-2023	77	10
4	Property and real estate companies that experienced losses in reporting financial statements during the period 2020-2023	62	15
5	Property and real estate companies that experienced ups and downs in reporting financial statements during the 2020-2023 period.	8	54
Total companies sampled		8	
Total Research Sample Period 2020-2023 (4 years)		32	

Source: Data Processed (2025)

Of the 24 property and real estate companies listed on the Indonesia Stock Exchange, eight met the criteria. So that 8 companies are used as samples in this study.

Table 3. Sample of Property and Real Estate Companies on the Indonesia Stock Exchange 2020-2023

No.	Code	Company Name
1	DUTI	PT Duti Pertiwi Tbk
2	GPRA	PT Perdana Gapuraprima Tbk
3	MKPI	PT Metropolitan Kentjana Tbk
4	MTLA	PT.Metropolitan Land Tbk
5	PWON	PT Pakuwon Jati Tbk
6	SMRA	PT Summarecon Agung Tbk
7	PANI	PT. Partai Indah Kapuk Dua Tbk
8	AMAN	PT. Makmur Berkah Amanda Tbk

3. Results and Discussion

3.1. Descriptive Statistics

Descriptive statistics offer a summary or description of data based on measures such as the mean, standard deviation, as well as the highest and lowest values. The outcomes of the descriptive analysis for the variables examined in this research are presented below:

1.

Investment Decision

 From the descriptive statistics table above, the amount of PER for the eight sample companies reached a minimum value of 1.6900 and a maximum value of 225.9600, with an average PER of 33.995250 and a standard deviation of 51.7499198.
2. **Economic Factors**
 Economic factors are indicated by the proxies of inflation and interest rates, which are as follows:
 - a. **Inflation**
 From the table above descriptive statistics, the amount of inflation in 8 sample companies has a minimum value of 1.68 and a maximum value of 5.51 with an average of 2.9175 at a standard deviation of 1.56116.
 - b. **Interest rate** for the eight sample companies reached a minimum of 3.50 and a maximum of 5.81, with an average of 4.5175 and a standard deviation of 0.85027.

3.2. Normality Test

The normality test aims to assess whether the data (residual values) follow a normal distribution or approximate it. In this research, the *Kolmogorov-Smirnov* test was employed to evaluate normality. The outcomes of this test are presented in the table below:

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		32
Normal Parameters ^(a) , ^(b)	Mean	.0000000
	Std. Deviation	1.20136522
Most Extreme Differences	Absolute	.117
	Positive	.117
	Negative	-.082
Test Statistic		.117
Asymp. Sig. (2-tailed)		.200(c) ^{.d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

The normality test results show that the value of Asym Sig. (This value is greater than the level of influence $\alpha = 5\%$ or $(0.200 > 0.05)$, which indicates that the residual value of the normal distribution or fulfills the classic assumption of normality. Data from economic factor variables with inflation and interest rate proxies and investment decisions with PER proxies are normally distributed.

3.3. Heteroskedacity Test

The heteroscedasticity test is carried out to test whether there is an inequality of variance from the residuals in the regression model. In this study, heteroscedasticity testing was carried out using the Glejser test method, namely by regressing the absolute value of the residuals on the independent variables. Based on the test results, it is found that the significance value for all independent variables is greater than 0.05. These results indicate that there is no heteroscedasticity problem in the regression model used, so the residuals in the model can be said to have constant variance (homoscedasticity).

3.4. Multicollinearity Test

The multicollinearity test aims to detect whether there is a strong relationship between independent variables, which can use the stability of the regression model estimate. The testing process involves examining the *tolerance* and *variance inflation* factor (VIF) values. The analysis results show that all independent variables have a *tolerance* value above 0.10 and a VIF value below 10. Based on these results, it can be concluded between independent variables in the regression model. Thus, the model is feasible to proceed to the next stage of regression analysis.

3.5. Autocorrelation Test

The purpose of the autocorrelation test is to determine if a linear regression model exhibits a relationship between the error terms (residuals) at time t and those at the previous time period $t-1$. This test can be performed using the *Durbin-Watson* (DW) statistic, the results of the autocorrelation test can be seen in the DW value is 2.070 and to find out the d_U and d_L values, you have to look at the Durbin Watson table, there is a letter value N which means the amount of data and k which means the number of independent variables. For this study, it is known that $N = 32$ while $k = 2$, the d_U value is 1.5736 and the d_L value is 1.3093. So from this value, the result is that the Durbin-Watson value lies between the d_L and d_U values, namely $1.3093 < 2.070 < 1.5736$. Based on the Durbin-Watson results, the proposed regression model does not have autocorrelation symptoms.

3.6. Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the effect of economic factors with inflation and interest rate proxies on investment decisions with PER proxies. This analysis is processed with the help of the SPSS program, the results of multiple linear regression analysis can be seen in the table below:

Table 5. Multiple Linear Regression Analysis Results

Coefficients^(a)

Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.158		1.875	.071		
	LAG LNX1	.451	.620	.143	.727	.473	1.124
	LAG LNX2	-1.221	1.575	-.153	-.776	.444	1.124

The results of multiple linear regression can be entered into the equation as :

$$y = a + b_1x_1 + b_2x_2 + e$$

- If inflation (X1) and interest rates (X2) are ignored or considered 0 then PER (Y) will still exist at 3.158.
- Inflation (X1) and PER (Y) show a unidirectional relationship where if inflation increases, the value of PER (Y) will also increase by 0.451.
- Interest rates (X2) and PER (Y) have an unidirectional relationship where if the interest rate increases, it will reduce the PER value by -1.221.

3.7. T-test

In this study, there are two (2) hypothesis testers: the first, second, and third hypotheses. They test the effect of independent variables on the dependent variable partially by using the partial t-test, or t-count. Regression coefficients are used to calculate how much economic variables, such as inflation and interest rates, partially affect investment decisions (PER). The t-count is used to determine the significance of the regression coefficient. The dependent variable is if the probability of a t error is smaller than a certain level of significance, namely 5% significance. The results of the regression coefficient calculation carried out with the SPSS program are as follows:

1. Hypothesis Testing 1:

Ho: $b_1 = 0$ There is no effect of inflation on PER

Ha: $b_1 \neq 0$ There is an effect of inflation on PER

Based on the results of the calculation of the significance value of X1 shows a number of 0.473 which is greater than 0.05 so that the results of this study hypothesis shows inflation affects PER can be accepted, which means Ho is rejected and Ha is accepted.

2. Hypothesis 2 Testing:

Ho: $b_1 = 0$ There is no effect of interest rate on PER

Ha: $b_1 \neq 0$ There is an effect of interest rates on PER

Based on the results of the calculation of the significance value of X2, it shows a number of 0.444 which is greater than 0.05 so that the results of this study hypothesis determines that interest rates have an effect on PER can be accepted, which means Ho is rejected and Ha is accepted.

3.8. F-test

The following table shows the results of the f statistical test, which is used to determine whether all the independent variables in the model affect the dependent variable as a whole:

Table 6. F Test Results						
ANOVA ^(a)						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.209	2	.604	.424	.658b
	Residuals	39.872	28	1.424		
	Total	41.081	30			

The table above shows that the F-count is 0.424 with a significance of 0.658. Because the significance value is greater than 0.05, it can be concluded that Ho is accepted and Ha is rejected, which means that the economic

factor variables (Inflation and interest rates) have no simultaneous effect on investment decisions (PER) in property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the period 2020-2023 [20]. This shows that the economic factors used in this study are not sufficient to explain variations in corporate investment decisions, so there may be other variables that are more influential on investment decisions in the property and real estate sector.

3.9. Research Model

The framework covers the entire research process, starting from the planning, implementation, and completion stages, which form a unified whole. This framework serves to provide clear direction in the research process. In this study, the framework can be described systematically as follows:

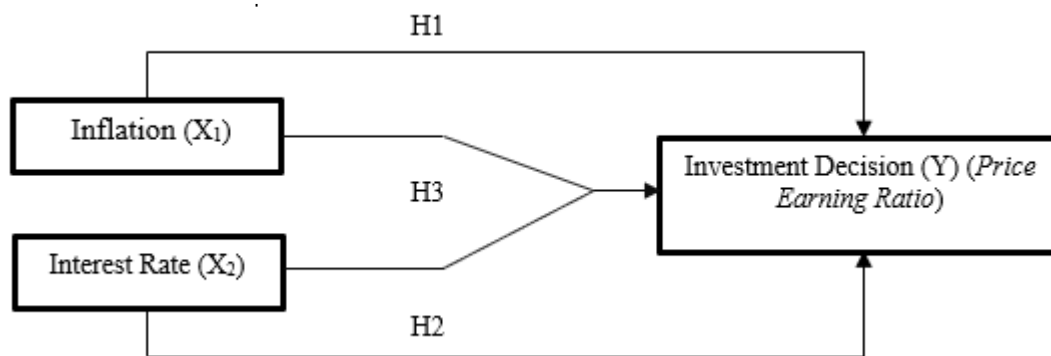


Figure 1. Framework

Hypothesis:

Ho₍₁₎: Inflation has no effect on *price earning ratio*

Ha₍₁₎: Inflation affects *price earning ratio*

Ho₍₂₎: Interest rate has no effect on *price earning ratio*

Ha₍₂₎: Interest rates affect the *price earning ratio*

Ho₍₃₎: Inflation and interest rates have no effect on *price earning ratio*.

Ha₍₃₎: Inflation and interest rates affect the *price earning ratio*.

H1 : Effect of Inflation on Price Earning Ratio

Inflation refers to the overall trend of rising prices of goods and services. A high inflation rate can reduce the real purchasing power of the income investors earn from their investments. Conversely, a decline in inflation in a country can be seen as a positive indicator for investors, as it lowers the risk of erosion of the purchasing power of money and reduces the potential decline in real income. The increase in the inflation rate is caused by the influence of an unstable economic condition of a country. Inflation is one of the many economic problems that receive enough attention from economists. As is known, that one of the main objectives in the economy is to maintain a relatively stable price level. Inflation can have a negative impact on society and on economic activity as a whole [21]. Price increases in one or two goods alone cannot be considered inflation, unless the increase spreads and affects the prices of other goods significantly (Bank Indonesia 2023 in [22]).

Based on the results of the partial t test (t-count), it shows that the inflation variable has a positive effect on the price earning ratio (PER), so the first hypothesis which states that inflation affects the price earning ratio (PER) in property and real estate companies is accepted. This indicates that when inflation increases, investors are still willing to pay a higher price for each unit of profit (EPS) generated by the company, thus encouraging an increase in the value of PER [23]. Although theoretically inflation can reduce people's purchasing power and have an impact on reducing sales and company profits, in the property sector there is a tendency that rising inflation also encourages an increase in the price of property assets such as land and buildings. This makes property sector stocks still attractive to investors as a form of hedge against inflation [24]. Thus, although inflation can affect profitability, investors' positive expectations of the long-term prospects of the property sector cause PER to continue to increase. Previous research by [5] shows that inflation has a positive impact on the price earning ratio (PER).

H2 : Effect of Interest Rate on Price Earning Ratio

The interest rate is one of the indicators in determining whether someone will invest or save [25] in [22]. The financial services authority states that the interest rate is the return on services provided by banks to customers who buy or sell their products [26] in [27]. The loan interest rate is the price of reward set by the bank to the lender for the loan obtained. This loan can be developed in full or in installments over a period of time [28].

In his book "The Economics of Money, Banking, and Financial Markets." Frederic S Mishkin explains that interest rates are the price paid for borrowing money, usually expressed as a percentage of the loan amount [29] and [31]. Interest rates affect investment and consumption decisions choosing a significant impact on the economy as a whole. Meanwhile, Irving Fisher developed the concept of "Quantity Theory of Money" which explains the nominal interest rate consists of the real interest rate plus the anticipated inflation rate. According to [32], the real interest rate is the minimum interest rate that has been adjusted for inflation [33].

Based on the results of the partial t test (t-count), it shows that the interest rate variable has a negative and significant effect on *the price earning ratio (PER)*, so the second hypothesis that interest rates affect the price earning ratio (PER) of real estate and property companies is accepted. Based on this, investment states that an increase in interest rates reduces the attractiveness of stocks compared to bonds, which tend to offer fixed returns and are more attractive in high interest rate conditions [34]. These conditions encourage investors to divert their funds to safer assets, so that this demand has an impact on falling stock prices and ultimately reducing the value of the company's *price earning ratio (PER)*. This shows that interest rates are one of the fundamental factors that affect stock valuations, especially in sectors that are sensitive to changes in borrowing costs such as property and real estate. Thus, the negative and significant relationship between interest rates and *price earning ratio (PER)* indicates that changes in monetary policy, especially through interest rates, can be a factor that affects stock valuations and investor perceptions in the capital market [28]. The results of previous research are not in line with this study, namely interest rates have a negative and insignificant effect on *the price earning ratio (PER)*, high interest rates cause investors to invest their funds in the form of savings or deposits, causing their share prices to decline, *resulting in a low price earning ratio (PER)* value [35].

H3 : Effect of Inflation and Interest Rate on Price Earning Ratio

Based on the simultaneous test results (f-count), it shows that the inflation and interest rate variables do not have a significant effect on *the price earning ratio (PER)*. This indicates that other factors outside of inflation and interest rates may have a greater influence on investment decisions in this sector. Although in the partial test (t test) each variable shows the direction of the relationship to PER (positive inflation, negative interest rates), together (simultaneously) these two variables are not strong enough to explain changes in PER in property & real estate companies on the IDX during 2020-2023. This insignificant amount of simultaneous influence can be caused by many variables, including government policies that affect the property market more, changes in public demand, and internal company factors such as profits, management, and business plans. In addition, the limited sample size may also affect the strength of the strategy analysis in this study.

4. Conclusion

This study aims to analyze the effect of inflation and interest rates on investment decisions, proxied by the Price Earning Ratio (PER) in property and real estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2023. Based on the results of data analysis and hypothesis testing, it can be concluded that inflation has a positive and significant effect on the price earning ratio (PER) of property and real estate companies on the Indonesia Stock Exchange for the period 2020-2023. Meanwhile, it is concluded that interest rates have a negative and significant effect on the price earning ratio (PER) because it is more than 0.05 in property and real estate companies on the Indonesia Stock Exchange for the period 2020-2023.

This finding identifies that inflation, which has a positive effect on investment decisions (PER), tends to increase revenues for companies. If companies can increase the price of their products along with inflation, then their income will increase. As for investors, if the company's shares in the commodity sector, especially property, usually benefit from increased inflation. And if interest rates have a negative effect on investment decisions (PER) then for companies it will tend to be higher capital costs, usually interest rates will be higher and make the company's cost of capital rise, so that stock valuations tend to fall. As for investors, it will have a discounting impact on projected future earnings, in stock valuation, future earnings are discounted by interest rates, if interest rates rise, then the present value of future earnings falls and will cause stock prices to fall and investment decisions (PER) to weaken. And of course most investors will not invest in the company and will choose their funds to be deposited with the bank.

This research contributes to investors in considering macroeconomic factors in making investment decisions in the property sector. And from the results of property companies, these results can be the basis for formulating business strategies that are adaptive to company economic conditions

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