Determinants of Firm Value in Indonesia's Property and Real Estate Sector

Muhamad Rafly Alifadi[1]
Fanji Farman[2]
[1,2]School of Economic and Business, Telkom University, Indonesia
Correspondences **:** fanjifarman@telkomuniversity.ac.id

ABSTRACT

The aim of the research was to investigate the impact of profitability, liquidity, and leverage on firm value in property and real estate firms on the Indonesia Stock Exchange between 2020 and 2024. In this research, panel data of 204 observations were analyzed using the panel regression method with Fixed Effect Model. According to the results, it can be stated that the model significantly accounts for firm value variation with an Adjusted R^2 of 0.902 and Sig. F of 0.000. While liquidity (CR) positively and significantly impacts firm value, profitability (ROA) and leverage (DER) affect firm value positively but insignificantly. Firm size (SIZE), which is considered the control variable in this analysis, had a negative impact on firm value. It is evident that liquidity plays the most important role in determining firm value in the property and real estate industry.

Keywords: Firm Value; Profitability; Liquidity; Leverage; Firm Size

Determinan Nilai Perusahaan pada Sektor Properti dan Real Estate di Indonesia

ABSTRAK

Tujuan penelitian ini adalah untuk menyelidiki dampak profitabilitas, likuiditas, dan leverage terhadap nilai perusahaan pada perusahaan properti dan real estat di Bursa Efek Indonesia antara tahun 2020 dan 2024. Dalam penelitian ini, data panel sebanyak 204 observasi dianalisis menggunakan metode regresi panel dengan Fixed Effect Model. Berdasarkan hasil penelitian, dapat dinyatakan bahwa model tersebut secara signifikan menjelaskan variasi nilai perusahaan dengan Adjusted R^2 sebesar 0,902 dan Sig. F sebesar 0,000. Likuiditas (CR) berpengaruh positif dan signifikan terhadap nilai perusahaan, sedangkan profitabilitas (ROA) dan leverage (DER) berpengaruh positif tetapi tidak signifikan terhadap nilai perusahaan. Ukuran perusahaan (SIZE) yang dianggap sebagai variabel kontrol dalam analisis ini memiliki dampak negatif terhadap nilai perusahaan. Hal tersebut menunjukkan bahwa likuiditas memainkan peran terpenting dalam menentukan nilai perusahaan di industri properti dan real estate.

Kata Kunci *Nilai Perusahaan; Profitabilitas; Likuiditas; Leverage; Ukuran Perusahaan*

Artikel dapat diakses : https://ejournal1.unud.ac.id/index.php/akuntansi/index

e-ISSN 2302-8556

Vol. 36 No. 6
Denpasar, 30 Juni 2026
Hal. 1243-1256

DOI:
10.24843/EJA.2026.v36.i06.p05

PENGUTIPAN:
Alfiadi, M. R., & Farman, F. (2026). Determinants of Firm Value in Indonesia's Property and Real Estate Sector *E-Jurnal Akuntansi*, 36(6), 1243-1256

RIWAYAT ARTIKEL:
Artikel Masuk:
23 Januari 2026
Artikel Diterima:
20 April 2026

INTRODUCTION

The real estate and property industry has been considered one of the significant industries in Indonesia due to its strong contribution to investment and development in infrastructure as well as employment (Cyril & Singla, 2020; Lawinata & Susanto, 2023). According to Central Statistics Agency (BPS), the real estate and property industry was responsible for IDR 520.7 trillion GDP in Indonesia in 2024, accounting for a growth rate of 2.5% (BPS, 2024). Additionally, the amount of investments realized in this industry amounted to IDR 122.9 trillion, which is 7.2% of the total national investment, together with an increased number of firms that were listed in this industry from 77 in 2020 to 90 in 2024. Despite its economic impact, the sector is still highly susceptible to fluctuations in interest rates and the uncertainties following the pandemic, both of which could affect investor confidence and the valuation of companies in the market (Rinaldy & Kalalo, 2022; Moniaga & Tanusdjaja, 2025).

Firm value functions as a multifaceted and all-encompassing representation that encapsulates the collective evaluation made by investors, which pertains not only to the current operational performance of a company but also extends to its expected growth potential in the future. In this case, the evaluation of business value will be conducted very carefully through the use of Price to Book Value (PBV), which is seen as an absolutely necessary and crucial index used for measuring market value compared to the company's book value, (Sari & Sulistyowati, 2023). High PBV will be considered an incredibly strong indicator of confidence among investors, indicating the positive and optimistic expectations of the investors towards the company's growth in the future. As a result of this understanding, it becomes critically imperative to explore and identify the diverse determinants that significantly influence firm value, particularly within sectors that are inherently capital-intensive, such as the property and real estate domains, which are characterized by their substantial financial requirements. The maintenance and increase in the value of the firm become extremely important for organizations engaged in such capital-intensive sectors like property and real estate. This is because market valuation reflects the financial strength of the organization along with its capacity to survive in the business environment.

Several internal financial indicators are frequently associated with changes in firm value, particularly in industries characterized by high financing intensity. According to the principles outlined in signaling theory, the financial information that is publicly disclosed by various companies plays a crucial role as a significant signal for potential investors as they evaluate critical aspects such as corporate risk, the overall financial stability of the firm, and the prospects for future business growth and development (Spence, 1973). Profitability of an organization, which acts as an important indicator, directly reflects the capability of management in generating profits from the firm's resources, and such an aspect of the firm's performance may be regarded as one of the major signals for investors on the operational efficiency and the company's expansion capabilities in the future (Ferdila et al., 2023; Nurdin et al., 2023). Liquidity refers to the ability of an organization to meet its short-term obligations in terms of finance, without affecting its operational processes, and this aspect may help decrease the financial risk associated with an organization and increase investor trust (Sofiani & Siregar, 2022; Sari & Sulistyowati, 2023). Leverage may also contribute to firm value because debt financing can support business expansion and provide financing flexibility when managed efficiently (Uddin et al., 2022; Akbar & Putri, 2024).

Notwithstanding the many studies done on corporate value, it is still not possible to reach consistent empirical results about the influence of profitability, liquidity, and leverage. Also, the peculiarities of the property and real estate industry should be noted in that this field has its own financial features because of the necessity for considerable capital inflows and significant use of external funds. Companies in this sector also face relatively long project completion periods, which may affect cash flow stability and investment returns. These conditions may influence how investors evaluate corporate financial performance and firm value under changing economic conditions. Many researchers found that the variables like profitability, liquidity, and leverage positively affect the firm's value (Ferdila et al., 2023; Uddin et al., 2022), whereas other studies find a weak and insignificant relationship between these variables (Hidayat & Khotimah, 2022; Aprilia & Wardoyo, 2024). Such contradictory findings suggest that the factors affecting the firm's value depend on various aspects including industry characteristics, economic conditions, and investors' preferences, especially in the case of real estate businesses that are highly sensitive to changes in financing cost and macroeconomic conditions (Nustini & Nurrahman, 2025).

Previous studies have reported inconsistent findings regarding the influence of profitability, liquidity, and leverage on firm value. In addition, studies focusing on property and real estate companies in Indonesia during the post-pandemic recovery period remain relatively limited. Considering the changing economic environment and financing conditions during 2020–2024, further investigation is needed to provide a better understanding of the factors affecting firm value in this sector. Therefore, this study examines the effects of profitability, liquidity, and leverage on firm value in property and real estate companies listed on the Indonesia Stock Exchange during 2020–2024.

This extensive research aims to enhance and broaden the conclusions drawn from earlier studies by focusing specifically on the complex interactions within Indonesia's property and real estate market during the vital post-pandemic recovery stage a period characterized by increasing interest rates and significant economic unpredictability that have deeply influenced corporate valuations. Through the use of robust panel data regression analysis, the objective of this study is to present compelling evidence, demonstrating clearly the effects that different financial variables have on the valuation of companies, especially within the ever-changing environment of the Indonesian property and real estate industry. Unlike previous researches that have centered their attention on the manufacturing industry or other industrial sectors, this study emphasizes the unique nature of property and real estate companies with respect to their high dependence on borrowed funds and lengthy project duration cycle.

The intricate and multifaceted relationship that exists among profitability, liquidity, leverage, and the overall value of a firm can be effectively elucidated through the lens of signaling theory, along with a comprehensive examination of prior empirical findings that have been documented in the relevant literature. All of these variables have their own ability to generate various signals, which can be related to the overall performance of the firm, its financial stability, and the future opportunities associated with this company's operations. Consequently, the hypotheses that are put forth in this study are carefully crafted and articulated in the following manner:

Profitability refers to the capability of an organization to earn revenues from its resources and processes. According to signaling theory, high profitability acts as a positive signal about the performance of the business firm and its future prospects. In the real estate and property industry, profitability holds significant importance as effective asset management may reflect improved operational performance and business sustainability. Increased profitability may also signify adept asset management and greater future cash flow potential, thus bolstering investor views on firm value. It has been demonstrated through previous research that the profitability of an organization is likely to bring positive benefits to the total organizational value, but it is essential to recognize that the extent of the effect is highly dependent on the nature of the economic conditions prevalent at any point in time, along with the unique traits associated with different industries (Ferdila et al., 2023; Nurdin et al., 2023).

H_1: Profitability has a positive effect on firm value.

Liquidity acts as an important yardstick of whether a company can meet its short-term liabilities or not, all while ensuring the stability that is needed to facilitate the smooth running of operations. When viewed through the lens of signaling theory, the presence of robust liquidity not only delivers an optimistic message concerning the organization's financial resilience but also signifies a reduced level of financial risk, which in turn contributes to a substantial boost in the confidence that investors are likely to place in the company (Spence, 1973). In the realm of property and real estate, liquidity plays an even greater role, considering that companies operating in this industry are characterized by long-term project cycles and specific project cash flows, which require stable financial situations for effective maneuvering within their processes. Earlier studies have shown that a rise in liquidity is typically associated with a beneficial effect on a company's total worth, mainly because investors often perceive firms with greater liquidity as being more reliable in their financial health and more consistent in their operational performance (Sari & Sulistyowati, 2023; Agatha & Irsad, 2021).

H_2: Liquidity has a positive effect on firm value.

Leverage refers to the proportion of borrowing that a business uses to finance their operations and investments. Leverage is used in the real estate and property sector to finance long-term projects, buy new land or invest more for growth because of the large amount of money involved (Mawitjere et al., 2022).

As far as the financial side of the business is concerned, using leverage can have some clear advantages in providing a wider choice of options for financing, as well as some tax benefits that would ultimately benefit the company. The Trade-Off Theory posits that using debt strategically could actually enhance the market value of a company, provided that the company has maintained a balanced capital structure and managed the financial risks well (Myers, 1984). A reasonable level of leverage may suggest that a company is positioned for operational expansion and is poised to seize investment opportunities. However, too much debt could increase risks for an entity and reduce its investors' confidence, especially in cases where economies are in turbulent conditions and rising interest rates.

Several studies suggest that leverage has positive implications for firm values since it can improve business operations and promote firm development through debt financing (Uddin et al., 2022; Akbar & Putri, 2024). However, several studies argue that the influence of leverage on firm value could be insignificant when investors find the level of debt to be risky for an organization, especially for those firms that rely mostly on outside financing, such as property and real estate firms (Rinaldy & Kalalo, 2022; Sulistiyo et al., 2024).

H_3: Leverage has a positive effect on firm value.

Firm value is usually influenced by different financial ratios, which altogether reflect the performance of a corporation, its financial stability, and the decisions concerning funding. In the property and real estate sector, the importance of profitability, liquidity, and leverage increases even further due to the high financing needs and increased dependence on economic indicators. In most cases, these financial ratios are usually considered together when assessing firm values. Consequently, the combined influence of these factors may offer a more thorough understanding of market valuation within the sector.

H_4: Profitability, liquidity, and leverage simultaneously affect firm value.

Based on the given theoretical framework and the hypotheses proposed by researchers, a comprehensive conceptual framework has been developed to properly highlight the interaction between the independent variables, such as profitability, liquidity, and leverage, as well as the size of firms as control variables. Firm value is identified as the dependent variable in this research paper. An illustration of the conceptual framework that is pertinent to this research paper is presented in Figure 1 below, and it will prove crucial in comprehending the dynamics involved.

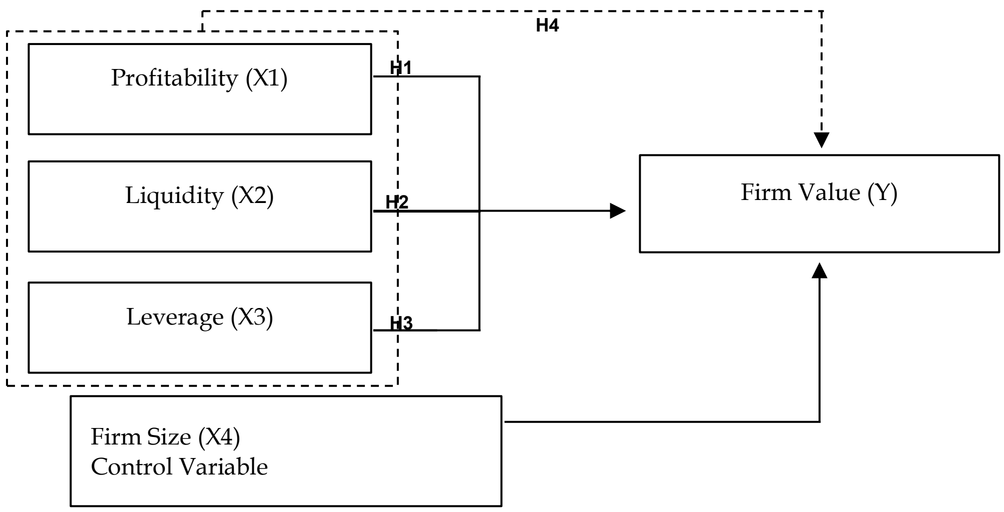

Figure 1. Conceptual Framework

Source: Research Data, 2026

The visual presentation of the conceptual framework is important since it highlights the complicated interaction among the variables under review in this research, and at the same time, it becomes the framework of analysis for hypothesis testing.

RESEARCH METHODS

This research uses secondary data collected from real estate and property companies listed in the Indonesian Stock Exchange (IDX), which covers a period from 2020 to 2024. The population used for this research was 90 companies, and samples were selected using purposive sampling based on the presence of audited annual financial statements.

Table 1. Sample Selection Criteria

No	Criteria	Total
1	Property and real estate companies listed on the Indonesia Stock Exchange during 2020–2024	90
2	Companies conducting IPO after 2020	(14)
3	Companies that did not consistently publish annual reports during 2020–2024	(14)
4	Companies with incomplete financial data	(11)
Total Companies		51
Total Observations for 5 Years (51 × 5)		255
Final Observations Used in Analysis		204

Source: Research Data, 2026

Of the original population, 51 companies met the sampling criteria, resulting in 255 initial observations. After the removal of outlier observations to improve model robustness and estimation accuracy, the final analysis was based on 204 observations. Data collection was done through analysis of annual reports and financial statements on the official website of the Indonesia Stock Exchange (www.idx.co.id). The use of secondary data combined with panel regression analysis is very common in finance research when investigating the companies listed on the IDX (Asalam & Astuti, 2023; Fahlevi et al., 2023).

This study adopted the quantitative explanatory approach to investigate the causal relationships among profitability, liquidity, leverage, and firm value. Firm value, which serves as the dependent variable in this study, is measured by Price to Book Value (PBV). ROA, CR, and DER serve as the independent variables to measure profitability, liquidity, and leverage, respectively. Additionally, firm size (SIZE) serves as the control variable in this study. Measurement methods of variables in this study are provided in Table 1 below.

Table 2. Operational Definition of Variables

Variable	Proxy	Measurement
Firm Value (Y)	PBV	Share price / Book value per share
Profitability (X1)	ROA	Net profit / Total assets
Liquidity (X2)	CR	Current assets / Current liabilities
Leverage (X3)	DER	Total debt / Total equity
Firm Size (Control Variable)	SIZE	Ln (Total assets)

Source: Research Data, 2026

Panel Data Regression analysis was used extensively in this study in order to exhaustively investigate and analyze not only the effect that each independent variable had individually on the value of the company, but also the combined effect that all these variables had together as a whole on the value of the company. Model selection was done in a very deliberate way by employing three popularly known and accepted ways of analyzing panel data and they are Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To find out the best model that would suit the study, various tests were done and these included the Chow test, Hausman test, and Lagrange multiplier test among others. These are tests that play an important part in helping to determine which model suits the data in question. The regression model that has been designed to fit this study has been done in an exhaustive manner with each variable well taken care of in relation to the value of the firm.

$$PBV_{it} = \alpha + \beta_1 ROA_{it} + \beta_2 CR_{it} + \beta_3 DER_{it} + \beta_4 SIZE_{it} + \varepsilon_{it} \qquad (1)$$

Where PBV represents firm value, ROA represents profitability, CR represents liquidity, DER represents leverage, SIZE represents firm size, α is the constant, β is the regression coefficient, and ε is the error term. The main model used for estimation purposes is the fixed effect model (FEM), which was selected on account of its capacity to handle the unobserved heterogeneity that exists among firms. Data was processed utilizing EViews 13 software. Additionally, classical assumption testing was employed to verify the robustness of the regression model. To assess multicollinearity, correlation matrix analysis was utilized, while heteroscedasticity testing was carried out to evaluate the consistency of residual variance across different observations. These tests are crucial for ensuring that the regression estimates remain unbiased and dependable for hypothesis validation.

RESULTS AND DISCUSSION

In this part, there is a discussion regarding the output of the panel regression analysis that tests the effects of profitability, liquidity, leverage, and firm size on firm value. Panel regression was used in this study due to its ability to accommodate both between-group differences and over time differences (Madany et al., 2022; Windasari & Khasanah, 2021). At first, the descriptive statistics were tested in order to gain an understanding of the general properties of the research variables prior to conducting the panel regression analysis (Muraniasih, 2025). Table 3 below shows the findings from the descriptive statistics. As a matter of fact, the use of descriptive statistics in this study is essential in terms of gaining information about the general distribution and variability of the research variables.

Table 3. Descriptive Statistics

Variable	Mean	Minimum	Maximum	Std. Dev
PBV	0,657	0,057	1,890	0,441
ROA	0,007	-0,086	0,097	0,038
CR	2,715	0,257	9,915	2,119
DER	0,742	0,163	1,992	0,430
SIZE	28,847	25,249	31,962	1,605

Source: Research Data, 2026

Descriptive statistics provide a general overview of the features of research variables using parameters like mean, minimum, maximum, and standard deviations. On average, the value of each firm (PBV) stood at 0.657, having a wide range from 0.057 up to 1.890. This suggests that the majority of companies are still perceived as having relatively low market valuations, while some firms exhibit significantly higher valuations. Additionally, the standard deviation of 0.441 further emphasizes the differences in the investors' perception regarding firms in the real property industry, which are especially sensitive to macroeconomic factors and finance risk factors (Lawinata & Susanto, 2023; Kurniawan et al., 2023).

Profitability (ROA) showed a modest average value of 0.007, with the minimum dipping to -0.086. This signifies that numerous companies faced challenges in profitability during the observation period. The result underscores the nature of the property and real estate sector, which is heavily influenced by economic cycles, project delays, and the conditions surrounding post-pandemic recovery. Moreover, the sector's reliance on long-term financing and its sensitivity to fluctuations in interest rates may hinder companies' capacity to achieve consistent returns (Cyril & Singla, 2020; Nurdin et al., 2023; Moniaga & Tanusdjaja, 2025).

The liquidity ratio (CR) was recorded at an average of 2.715 while exhibiting a very high standard deviation value of 2.119, indicating very large variations in liquidity for firms. The highest liquidity recorded was 9.915, which indicates that many firms operated with very high liquidity over the study period. Liquidity is very important in the industry of property and real estate, where firms tend to have extended project cycles, as well as cash flows dependent on the projects (Agatha & Irsad, 2021; Sofiani & Siregar, 2022).

Leverage (DER) exhibited an average value of 0.742, suggesting that the majority of companies maintained moderate levels of debt. Nonetheless, the maximum value nearing 2 indicates that several firms heavily depended on debt financing, which could elevate financial risk if not backed by robust operational performance. The case study under discussion fits into the characteristics of the property and real estate industry, wherein external financing is commonly used for long-term development purposes (Mawitjere et al., 2022; Rinaldy & Kalalo, 2022).

Size of a company (SIZE) was rather stable since the standard deviation score equaled 1.605. It means that all sample companies had a quite comparable amount of assets. The firm size factor is one of the control variables because the higher size of the firm implies more assets and operational capacity, influencing firm value (Fahlevi et al., 2023; Kusnanto & Qalbia, 2024).

The descriptive statistics indicate that property and real estate companies demonstrate diverse financial characteristics and risk profiles during the observation period. These discrepancies justify the application of panel data regression analysis, as this method is capable of effectively capturing both cross-sectional variations and time-series dynamics in comparison to traditional cross-sectional analysis (Madany et al., 2022).

Table 4. Findings of Panel Data Regression Model Selection

Model Test	Statistics Value	Prob.	Decision	Selected Model
Chow Test	Cross-section F = 8,633	0,000	Reject H_0	Fixed Effect
LM Test	Breusch-Pagan = 150,234	0,000	Reject H_0	Random Effect
Hausman Test	Chi-square = 19,747	0,001	Reject H_0	Fixed Effect

Source: Research Data, 2026

The results of the Chow test suggest a probability level which is less than the significance level, thus suggesting that the Common Effect Model does not do justice in distinguishing the differences among firms. The conclusion drawn from this result means that the Fixed Effect Model is better suited to capture the specific factors related to firms, including time, Madany et al. (2022); Windasari & Khasanah, 2021). Furthermore, the Hausman test suggests that the Fixed Effect Model is more suitable for this assessment than the Random Effect Model. The choice of the Fixed Effect Model is due to its ability to take into account the unseen aspects of firms.

Previous studies also indicate that the Fixed Effect Model produces more reliable estimates in panel accounting research when notable variations exist among entities (Imani et al., 2025). To ensure the reliability of the regression estimates, a number of diagnostic tests were conducted before interpreting the regression outcomes. The multicollinearity analysis demonstrated that the correlation between independent variables stayed below the critical level, suggesting no significant linear relationships among them.

Furthermore, the heteroscedasticity test illustrated that the residual variance was relatively consistent across observations. Such results mean that the regression model can give accurate and reliable predictions on explaining firm value in the property and real estate business.

Table 5. Panel Data Regression Findings (Fixed Effect Model)

Variable	Coefficient (B)	t-statistic	Sig.
Constant	12,199	4,036	0,000
ROA	0,478	1,624	0,106
CR	0,033	3,147	0,002
DER	0,049	1,736	0,086
SIZE	-0,407	-3,877	0,000
Description		Value	
Observations		204	
Adjusted R^2		0,902	
Sig. F		0,000	

Source: Research Data, 2026

From the above table, it can be concluded that profitability, liquidity, leverage, and size together have a considerable impact on the evaluation of companies in the property and real estate sector. This conclusion is supported by the high level of the adjusted R^2. Utilizing the Fixed Effect Model allows the analysis to identify firm-specific characteristics that may impact market valuation among various enterprises. This finding demonstrates that the chosen financial measures constitute a significant percentage of the variance in value across property and real estate companies.

A positive coefficient of profitability implies that companies with high-profitability levels receive high valuation levels. However, the minimal impact suggests that investors within the property and real estate sector may not solely rely on profitability when assessing firm value in the face of uncertain economic conditions. In asset-dense sectors such as property and real estate, investors are more likely to consider aspects like long-term project feasibility, financial health, and operational reliability, in addition to immediate earnings performance. The findings support signaling theory, according to which profitability may be indicative of the efficiency of the management practices and future prospects of the business (Spence, 1973). Similarly, Hidayat and Khotimah (2022) found that profitability is not always a significant factor affecting the valuation of a company in asset-intensive industries. The lack of impact from profitability suggests that investors in the property and real estate industry care more about business sustainability than accounting profits. In periods of economic uncertainty, stable operational performance and financial flexibility may take precedence in assessing firm value (Hidayat & Khotimah, 2022; Moniaga & Tanusdjaja, 2025).

Liquidity plays an important role in assessing the total value of companies in the real estate industry, which means that liquidity should not be ignored. Typically, organizations that possess more robust liquidity positions tend to be viewed by investors as exhibiting a higher level of financial stability and reliability in comparison to their counterparts that may not be as financially sound. In the property and real estate sector, liquidity is considered important because companies generally operate with long project cycles and project-based financing structures. Liquidity is often associated with operational continuity and lower financial risk in the sector (Sari & Sulistyowati, 2023; Agatha & Irsad, 2021).

This finding supports Signaling Theory, which suggests that strong liquidity serves as a positive signal of a firm's financial strength and ability to meet short-term obligations. Consequently, higher liquidity tends to increase investor confidence, which may ultimately enhance firm value (Spence, 1973; Sari & Sulistyowati, 2023).

The result indicates that debt financing may still support operational expansion, although investors remain cautious about the associated financial risk. Despite its positive direction, the relationship remains statistically insignificant, suggesting that investors may still be cautious about debt-related risk. This result is consistent with Trade-Off Theory, which argues that debt financing may enhance firm value when maintained at an optimal level. However, investors may perceive excessive debt as a source of financial risk, particularly in capital-intensive industries such as property and real estate (Myers, 1984; Uddin et al., 2022; Akbar & Putri, 2024).

In relation to firm size, it can be observed that it exhibits a clearly negative relationship with firm value, indicating that having more assets does not necessarily lead to an increase in market value of the firm, especially in the property and real estate industry (Ferdila et al., 2023). This observation indicates that the growth of assets, when not accompanied by effective and efficient utilization of those assets, has the potential to diminish the confidence that investors place in the firm.

From the above analysis, the general conclusion drawn is that investors within the real estate industry focus more on liquidity and financial robustness while valuing firms amidst uncertainty in economic conditions. Research by Nurdin et al. (2023) revealed that profitability plays an important role in enhancing firm value through efficiency and growth perspectives; however, the connection is dependent on specific contexts especially in asset-intensive industries such as real estate (Hidayat & Khotimah, 2022).

Among the financial indicators analyzed, liquidity demonstrates the most significant correlation with firm value within the property and real estate industry. Firms that possess stronger liquidity are typically viewed as more financially secure and better equipped to sustain operations during unpredictable market fluctuations. In the property and real estate domain, liquidity is especially crucial, as companies engage in lengthy project cycles and cash flow arrangements that necessitate consistent short-term financing capabilities. This observation implies that investors are inclined to value financial robustness and operational longevity over mere short-term gains. The conclusion aligns with earlier research indicating that liquidity positively influences firm value by diminishing perceived financial risks and bolstering investor trust (Sari & Sulistyowati, 2023; Agatha & Irsad, 2021).

Since the regression model shows a negative coefficient associated with the firm size variable, it means that having bigger assets will not always add value to the business, especially when bigger assets are not accompanied by better management efficiency and good operational performance within the business (Fahlevi et al., 2023; Ferdila et al., 2023; Kusnanto & Qalbia, 2024). This finding suggests that increasing assets without effective use and operational efficiency may erode investor confidence and lower market valuation.

In summary, the findings of this study suggest that the total value of companies working in the property and real estate industry is affected not just by the financial performance ratios but also by the distinctive nature of their operations as part of the industry and how well they can respond to different macroeconomic situations that might emerge. Investors typically demonstrate a more positive reaction toward companies that display robust liquidity levels, possess manageable leverage ratios, and utilize their assets in an efficient manner, as opposed to those companies that simply boast a large quantity of asset ownership without demonstrating effective management. In essence, it can be noted that these results bring to the fore the need for organizations to have a good level of liquidity along with resource management efficiency as both these aspects form the foundation upon which any organization can increase its value within this dynamic industry environment. It is thus clear that it will be necessary for organizations to adopt a multi-pronged strategy if they wish to increase their value in the property and real estate industry.

CONCLUSION

This research shows that there is a strong and positive impact of liquidity on firm value. At the same time, profitability and leverage show positive but non-significant effects in the property and real estate industry. Liquidity proves to be the key factor determining firm value because investors appreciate financial stability and performance. Conversely, profitability and leverage do not rank as primary considerations in investors' evaluation processes, primarily due to the industry's susceptibility to macroeconomic shifts, project cycles, and variations in interest rates. The variable firm size acts negatively on firm value, meaning that larger assets do not always guarantee better market valuation. Generally speaking, based on the findings discussed above, one can conclude that firm value in the property and real estate business area depends much more on financial and business efficiency rather than on asset size per se.

This research covers property and real estate firms registered at the Indonesia Stock Exchange during the years 2020-2024. Moreover, this analysis primarily emphasizes internal financial factors, omitting external macroeconomic influences such as inflation, interest rates, or property market dynamics that could impact firm value. Therefore, it would be beneficial for future studies to extend the observation timeframe, include various industry sectors, and incorporate macroeconomic or non-financial factors for a more thorough understanding of the elements affecting firm value. Additionally, future research could employ different analytical techniques to assess the reliability of findings across varying economic conditions and industry traits.

REFERENCES

Agatha, N. A., & Irsad, M. (2021). Pengaruh likuiditas, struktur modal, profitabilitas, kebijakan dividen dan ukuran perusahaan terhadap nilai perusahaan pada perusahaan properti dan *real estate* yang terdaftar di Bursa Efek Indonesia tahun 2015–2019. *Jurnal Ilmiah Akuntansi dan Humanika, 11*(2), 329–339. https://doi.org/10.23887/jiah.v11i2.36189

Akbar, M. U. A., & Putri, A. (2024). The influence of leverage, profitability, and firm value on share price: The moderating role of inflation. *Jurnal Ilmiah Ekonomi Islam, 10*(2), 1363–1372.

Aprilia, L., & Wardoyo, D. U. (2024). Pengaruh manajemen risiko, *intellectual capital*, profitabilitas dan ukuran perusahaan terhadap nilai perusahaan pada perusahaan sub sektor farmasi yang terdaftar di IDX *Industrial Classification* tahun 2018–2022. *Owner: Riset dan Jurnal Akuntansi, 8*(1), 276–283. https://doi.org/10.33395/owner.v8i1.1841

Asalam, A. G., & Astuti, A. P. (2023). Pengaruh manajemen laba, komite audit, kepemilikan institusional dan *corporate social responsibility disclosure* terhadap agresivitas pajak. *Jurnal Informatika Ekonomi Bisnis, 5*(2), 506–513. https://doi.org/10.37034/infeb.v5i2.583

Badan Pusat Statistik. (2024). *Real estate sector contribution to GDP*. https://www.bps.go.id

Bui, T. N., Nguyen, X. H., & Pham, K. T. (2023). The effect of capital structure on firm value: A study of companies listed on the Vietnamese stock market. *International Journal of Financial Studies, 11*(3), 100. https://doi.org/10.3390/ijfs11030100

Da Cruz, A. M. L., Man, S., & Bibiana, R. P. (2023). Analysis of factors influencing the value of property and *real estate* companies listed on the Indonesia Stock Exchange. *Jurnal Ekonomi, 12*(04), 220–229.

Fahlevi, A. R., Sedovandara, D. F., Daffa, M. A., Dzikri, M. A. A., & Faizi, M. F. N. (2023). Pengaruh ukuran perusahaan, *sales growth*, dan *gender diversity* terhadap nilai perusahaan. *Jurnal Ilmiah Akuntansi Kesatuan, 11*(1), 49–58. https://doi.org/10.37641/jiakes.v11i1.1598

Ferdila, Mustika, I., & Martina, S. (2023). Pengaruh *firm size*, likuiditas, leverage dan profitabilitas terhadap nilai perusahaan pada perusahaan manufaktur sub sektor barang konsumsi yang terdaftar di Bursa Efek Indonesia. *Owner:*

Riset dan Jurnal Akuntansi, 7(4), 3274–3284. https://doi.org/10.33395/owner.v7i4.1883

Sulistiyo, R., Sitawati, R., Sutono, & Sudarman. (2024). Examining firm value drivers: An empirical analysis of property and *real estate* companies on the Indonesian Stock Exchange. *Asian Journal of Economics, Business and Accounting, 24*(6), 273–279. https://doi.org/10.9734/ajeba/2024/v24i61360

Hidayat, I., & Khotimah, K. (2022). Pengaruh profitabilitas dan ukuran perusahaan terhadap nilai perusahaan sub sektor kimia. *Jurnal Ilmiah Akuntansi Kesatuan, 10*(1), 1–8. https://doi.org/10.37641/jiakes.v10i1.1175

Imani, J. R. N., Nisa, K., & Aziz, D. (2025). Estimasi model *fixed effect* pada analisis regresi data panel dengan metode *least square dummy variable* (LSDV). *Sciencestatistics: Journal of Statistics, Probability, and Its Application, 3*(1), 1–14.

Jolly Cyril, E., & Singla, H. K. (2020). Comparative analysis of profitability of *real estate*, industrial construction and infrastructure firms: Evidence from India. *Journal of Financial Management of Property and Construction, 25*(2), 273–291. https://doi.org/10.1108/JFMPC-08-2019-0069

Kementerian Investasi/BKPM. (2025). *Realisasi investasi sektor properti dan real estate tahun 2024*. https://www.bkpm.go.id

Kurniawan, N., Marhamah, & Heridiansyah, J. (2023). Determinan *firm value* perusahaan property dan *real estate*. *Jurnal STIE Semarang (Edisi Elektronik), 15*(3), 95–107. https://doi.org/10.33747/stiesmg.v15i3.675

Kusnanto, E., & Qalbia, F. (2024). The impact of profitability, firm size, and growth opportunities on the value of property companies. *Journal of Economic and Leadership, 1*(2), 42–53.

Lawinata, K., & Susanto, L. (2023). Factors affecting firm value in Indonesia's property and *real estate* firms. *International Journal of Application on Economics and Business, 1*(4), 2265–2276.

Madany, N., Ruliana, R., & Rais, Z. (2022). Regresi data panel dan aplikasinya dalam kinerja keuangan terhadap pertumbuhan laba perusahaan IDX LQ45 Bursa Efek Indonesia. *VARIANSI: Journal of Statistics and Its Application on Teaching and Research, 4*(2), 79–94. https://doi.org/10.35580/variansiunm28

Mawitjere, P. S., Mundung, B. I., & Wuryaningrat, N. F. (2022). Capital structure adjustment speed: Evidence from Indonesian property, *real estate*, and construction building firms. *Journal of International Conference Proceedings (JICP), 5*(2), 395–406.

Moniaga, R. A., & Tanusdjaja, H. (2025). Pengaruh profitabilitas, leverage, dan ukuran perusahaan terhadap nilai perusahaan (Studi empiris pada perusahaan property dan *real estate* yang terdaftar di Bursa Efek Indonesia periode 2019–2022). *Jurnal Paradigma Akuntansi, 7*(3), 917–927. https://doi.org/10.24912/jpa.v7i3.34291

Muraniasih, A. (2025). Analisis pengaruh CR, DER dan ROA terhadap return saham pada perusahaan yang terdaftar di Bursa Efek Indonesia tahun 2019–2023. *Jurnal HOMANIS: Halu Oleo Manajemen dan Bisnis, 2*(1), 1–8.

Myers, S. C. (1984). The capital structure puzzle. *The Journal of Finance, 39*(3), 575–592. https://doi.org/10.1111/j.1540-6261.1984.tb03646.x

Nurdin, E., Fitriaman, F., & Aqurat, W. N. (2023). Empirical testing of capital structure and profitability as mechanisms to enhance firm value. *Jurnal ASET (Akuntansi Riset), 15*(2), 221–228.

Parlindungan, S., & Dewi, V. I. (2022). Factors affecting the firm value of property and *real estate* companies: Evidence from Indonesia as listed on the Indonesian Stock Exchange. *Jurnal Ilmiah Econosains, 20*(1), 23–36. https://doi.org/10.21009/econosains.0201.03

Rinaldy, S., & Kalalo, M. Y. (2022). The effect of capital structure, working capital turnover and firm size on firm value of listed companies under Indonesia Stock Exchange's property and *real estate* sector for the period 2018–2021. *AFEBI Accounting Review, 7*(2), 65–78.

Sari, D. P., & Sulistyowati, E. (2023). Pengaruh profitabilitas, likuiditas, ukuran perusahaan, dan kepemilikan institusional terhadap nilai perusahaan. *Ekonomis: Journal of Economics and Business, 7*(1), 621–626.

Sofiani, L., & Siregar, E. M. (2022). Analisis pengaruh ROA, CR dan DAR terhadap nilai perusahaan sektor makanan dan minuman. *Jurnal Ilmiah Akuntansi Kesatuan, 10*(1), 9–16. https://doi.org/10.37641/jiakes.v10i1.1183

Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics, 87*(3), 355–374. https://doi.org/10.2307/1882010

Uddin, M. N., Khan, M. S. U., Hosen, M., & Chowdhury, M. S. A. (2022). Leverage structure dynamics and firm value: Evidence from Bangladesh. *International Journal of Asian Business and Information Management (IJABIM), 13*(1), 1–18. https://doi.org/10.4018/IJABIM.305115

Windasari, W., & Khasanah, N. (2021). Pendekatan data panel untuk pemodelan pertumbuhan ekonomi Sumatra. *Ekonomi dan Bisnis, 8*(1), 42–49.

Yusuf, A., Ratnawati, T., & Brahmayanti, I. A. S. (2023). The effect of leverage, liquidity and firm size on firm value with earning management as mediator and *good corporate governance* as moderator of *real estate*, property and building construction in the Indonesia Stock Exchange. *Journal of Economics, Finance and Management Studies, 6*(1), 146–158. https://doi.org/10.47191/jefms/v6-i1-17