

## **ABSTRACT**

*For some people, owning property is not just a place to live, but can be used as an investment instrument or a source of passive income. With the support of incentives from the government, the property sector in Indonesia is believed to have good performance. A total of 85 property and real estate companies are registered on the IDX with the initial aim of increasing funding sources through the issuance of shares. However, market intentions and incentives provided by the government do not necessarily guarantee the company's sustainability. The opposite condition occurs when property sector companies listed on the stock exchange experience suspension/delisting due to financial matters that impacted company's funding structure decisions.*

*This research aims to identify variables that should be considered when making funding decisions for property and real estate companies for the 2017-2021 period. Apart from that, through partial test-results of this research be able to identify the characteristics of property companies in determining their capital structure.*

*This research is descriptive research with quantitative methods. The samples tested in this research were obtained through a purposive sampling method. From this method, 65 observation data were obtained from 13 sample companies. The type of data used is secondary data through company financial reports for the 2017-2021 period. The data was then processed using panel data regression analysis using Eviews software.*

*The results of this research show that there is a partial influence exerted by several perspectives on the three theoretical models. In the trade-off theory model, it was found that the debt tax shield and firm age has a positive effect. In the pecking order theory model, it was found that the financial deficit has a positive effect, while business risk was assessed as having no effect on capital structure. A positive influence was also found on the proportion of independent board of commissioners and the growth opportunity found to have negative effect on capital structure in agency theory.*

*Through this research, company in property and real estate sector in Indonesia can be considered as a moderate risk taker because their capital structure will be increasing when having benefit from tax or facing financial deficit. They still consider the external factors and tend to fine with the risk and balancing the trade-off between the risk and the benefit of the source of fund. Theoretically, the author suggests that future researchers re-examine the business risk variables with different indicators or periods. It is hoped that this will provide a new perspective so that capital structure theory is identified more comprehensively.*

**Keywords:** *Agency theory, capital structure, DER, pecking order theory, trade-off theory*