

ABSTRACT

The aim of this study is to examine the effect of firm's characteristics such as effective tax rate, firm's size, liquidity, financial flexibility, share price performance, tangibility, growth opportunities, risk, profitability, and asset utilization of the capital structure of property, real estate and building construction firms in Indonesia.

The population of this study are all listed-firms in the Indonesian Stock Exchange in the year 2012-2014. The sampling method in this study is purposive sampling with certain criteria. After doing sampling and processing data, final sample that obtained and decent observed are 132 firm's data. This study uses regression analysis techniques to examine the study hypothesis.

The results of this study indicate that firm's size, risk and asset utilization has a significant positive effect on the debt ratio which is a proxy of the capital structure. Liquidity, tangibility and growth opportunities have a significant negative effect on the debt ratio which is a proxy of the capital structure. The effective tax rate had a positive influence, but not significant to the debt ratio which is a proxy of the capital structure. While financial flexibility, the share price performance and profitability have a negative influence, but not significant to the debt ratio which is a proxy of the capital structure.

Keywords: *capital structure, firm's characteristics, trade-off theory, pecking order theory*