



**COLLEGE OF BUILT ENVIRONMENT
UNIVERSITI TEKNOLOGI MARA**

FACTORS INFLUENCING YOUTH IN BUYING OR RENTING A HOUSE

**Academic Project Submitted in Partial Fulfilment of the Requirements for the
award of the Degree
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ABSTRACT

The issue of rising property prices and economic uncertainty is a hot issue affecting the youth to rent or buy a house today. This study focuses on three main factors, namely location suitability, housing choices, and financial and economic considerations. Using a quantitative research approach, data was collected through questionnaires and distributed to youth living in the northern states of Malaysia, namely Perak, Penang, Kedah and Perlis. The data collected were analysed using mean analysis. The findings revealed that housing preferences ranked as very high with an average mean of 4.6008. Followed by location suitability, which highlights the importance of easy access to essential facilities, transportation, and good neighbourhood conditions with 4.5778 average mean. Financial and economic factors such as income stability and financial ability of the youth was ranked as high at 3.7849 of the average mean. The research results show that many chose to rent a house due to financial constraints. This study also outlines the challenges faced by youth today in navigating the current property market. Policymakers, developers and financial institutions must work together to address this issue and comprehensively examine the balance between affordability and accessibility to ensure that the aspirations and needs of today's youth are met. By offering useful insights from the perspective of these youth, this research serves as a springboard and contributor to the broader discourse on housing affordability, urban planning and development, paving the way for more effective and inclusive housing policies.

TABLE CONTENT

CHAPTER	ITEM	PAGE
	Title Page	
	Student's Declaration	i
	Supervisor's Declaration	Ii
	Acknowledgement	Iii
	Abstract	iv
	List of Tables	viii
	List of Figures	ix
	List of Symbols / Abbreviations	x
	List of Appendices	xi
CHAPTER 1	RESEARCH BACKGROUND	
	1.1 Identification of Research Problem	2
	1.2 Research Aim and Objectives	3
	1.3 Research Scope and Limitation	4
	1.3.1 Scope	4
	1.3.2 Limitation	4
	1.4 Research Significance	5
	1.5 Brief Research Methodology	6
	1.5.1 Data Collection	6
	1.5.2 Data Analysis	7
	Research Flow and Structure	8
CHAPTER 2	LITERATURE REVIEW	
	2.1 Introduction	11
	2.1.1 Definition of Youth	11
	2.1.2 Definitions of Renting	12
	2.1.3 Definitions of Buying	12
	2.1.4 Definitions of Perspective	12
	2.1.5 Definition of Home	13

CHAPTER ONE

RESEARCH BACKGROUND

1.1 Identification of Research Problem

The issue of renting and owning a house is well-known nowadays in Malaysia, especially among new home buyers who are young people. The problem for this issue is related to the decision that youths need to make whether they want to rent or own a home based on factors considered such as long and short term plans, living needs, household income and housing market conditions. This depends on the youth themselves and their purpose of renting and owning the house. According to Hassan et al. (2021), the purchase decision on housing property is a conclusion after consideration of buying a house or real estate. With the current economic situation being less stable and the state of real estate market values increasing, it simultaneously heats up the real estate issue. Through observation, it is found that renting a house is becoming more popular than buying a house nowadays.

Based on Zulkifli and Ismail (2023), someone may need to consider many factors when deciding to buy a house because it is the most expensive expense for a household. This is because buying a house is a big decision that involves substantial financial commitment and long-term implications in life (Sidik et al., 2021). It is difficult for them to choose the right decision and this is to ensure that new home owners do not have to bear their financial burden. Just as observed in the Malaysian House Price Index 2023 Report by the National Property Information Centre (NAPIC) (2023), the median house price in Malaysia for Q3 2023 is RM350,174 which is an increase from the median price of RM330,000 in 2022. Likewise with the Housing Index in Q3 2023 which saw a small annual growth of 0.1% at 212.6 points (RM458,751 per unit). This is an increase from the Q3 2022 index point of 212.4. This shows that the increase in median property prices could be one of the factors in the