DEPARTMENT OF QUANTITY SURVEYING

FACULTY OF ARCHITECTURE, PLANNING & SURVEYING

UNIVERSITI TEKNOLOGI MARA

PERAK

CHALLENGES IN IMPLEMENTING THE BUILD THEN SELL (BTS) CONCEPT: DEVELOPER'S PERSPECTIVES

Final Project submitted in partial fulfillment

of the requirement for the award of

Bachelor of Quantity Surveying (Honours)

PREPARED BY: NUR SHAFIQAH BINTI YUSOFF

SEMESTER: MARCH – JULY 2019

ABSTRACT

The Build Then Sell (BTS) concept is a new concept introduced by the government where the developers have to complete a housing first and sell the houses once it completes to the house buyers. However, this concept totally different from the current conventional concept which is Sell Then Build (STB) as a familiar concept used by the developers in Malaysia. Furthermore, the adoption of the BTS concept as a housing delivery in Malaysia is an effort to tackle the problem of abandoned housing projects and to enhance the quality of houses. Even though, BTS concept seems to be beneficial to the house buyers but not to the developers. Under the concept of BTS, the developers are required a higher capital which are needed for more bridging loan and other financial institutions because the house buyers only pay an initial down payment 10 percent when booking a housing unit while the remaining amount will be paid after the houses are completed. Therefore, in 2015, the Urban Wellbeing, Housing and Local Government Ministry has decided that the plan to implement BTS concept will not be implemented next year. The aim of this research is to identify the challenges in implementing BTS concept by the developers. This dissertation is mainly focused on the developers who are involved in residential projects in Perak Tengah. This paper looks at the impacts of using BTS in Malaysia, the challenges faced by the developers in implementing this concept and to suggest the strategies to ensure the implementation of BTS can be adopted in Malaysia. To achieve that, questionnaire survey and the interviews were conducted to get better results from the developers. The research shows that majority of the developers are not willing to implement the concept of BTS in their business because of the challenges that they have to face.

***Keywords*:** Build Then Sell; Developers; Residential Projects; Housing

ACKNOWLEDGEMENT

Bismillahirahmanirahim, first of all, praise and glory to Allah S.W.T, God of all creation and greetings and salutation we bring forth to our Prophet Muhammad S.A.W for give me this meaningful opportunities and strength to embark on this research and this facilities me along the way until the completion of this research.

Alhamdulillah, it is gratifying for me to be able to finish this dissertation and I would like to express my appreciation to my dedicated supervisor who has given me continuous guidance and unfailing support and contribution of ideas in preparing this final year project. Special thanks for her insightful supervision, encouragement, thoughtful criticisms throughout the research and her creative suggestions towards the completion of this final year project.

I want to express my gratitude to my beloved parents and family members who never stop giving me their encouragement and full support in order for me to complete my final year project.

I also would like to express my highest appreciation to those who sincerely without hesitation helped me to finish this final year project especially to all respondents who were willing to give good cooperation because without their help, this study would not been complete.

Finally, I would also like to extent my gratitude to all the individuals and participants who have contributed and shared the information regarding the study, either directly or indirectly toward the successful compilation and completion of this final project.

TABLE OF CONTENTS

LIST OF CONTENTS **PAGE**

DECLARATION

ABSTRACT.....i

ACKNOWLEDGEMENT.....ii

LIST OF CONTENTS.....iii

LIST OF FIGURES.....viii

LIST OF TABLES.....ix

LIST OF ABBREVIATIONS.....x

1.0 CHAPTER 1 - INTRODUCTION

1.1 RESEARCH BACKGROUND 1

1.2 RESEARCH PROBLEM.....4

1.3 RESEARCH AIM.....6

1.4 RESEARCH QUESTION.....6

1.5 RESEARCH OBJECTIVES.....6

1.6 SCOPE OF RESEARCH.....7

1.7 RESEARCH METHODOLOGY.....7

1.8 SUMMARY OF CHAPTER.....9

CHAPTER 1

INTRODUCTION

1.1 RESEARCH BACKGROUND

Build Then Sell (BTS) concept allows the buyers to pay the deposit 10 percent and without any additional amount until the project is completed. The developers would most likely require a higher bridge financing loan from the banks to develop the project as they did not collect any progress payments from the buyers. However, the concept of Build then Sell (BTS) is the new delivery concept that was introduced by the government in April 2007. There are varies of meaning on the concept of the Build Then Sell (BTS) that can be defined by each parties. Build Then Sell (BTS) concept can be defined as the buyers purchase the project that has already been completed which means the developers need to develop the project first and then sell the project when it has fully completed.

According to Almi & Husin (2017), in Malaysia there are two types of Build Then Sell (BTS) which are 100 percent Build Then Sell (BTS) and Partial Build Then Sell (BTS). Under 100 percent of Build Then Sell (BTS), the developers can sell the project when it has already completed built with the Certificate of Completion and Compliance Issued and the buyers are not required to pay any down payment or any progress payments. However, under Partial Build Then Sell (BTS), the buyers are required to pay down payment which is 10 percent to the developers and paid the remaining amount when the project is completed. The Partial Build Then Sell (BTS) is also known as 10:90 Build Then Sell (BTS) concept.