



UNIVERSITI TEKNOLOGI MARA

**CHALLENGES ON IMPLEMENTING THE FIXING AND FLIPPING
TERRACE HOUSES IN KUALA LUMPUR**

**Academic Project Submitted in Partial Fulfillment of the Requirements
for the award of the Degree
Bachelor of Estate Management (Hons)**

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ABSTRACT

As the world getting modern, houses nowadays were purchased for the profit intent or investment and not primarily used as an accommodation for dwelling. Thus, fixing and flipping real estate investment is also part of property investment. It is the practice of purchasing real estate with the intention of reselling it sooner and for a higher price. Commonly, older, smaller and/or abandon or damage properties called as '*rumah busuk*' in Malaysia are used in fix-and-flip investments. However, the issue with this investment is causing fluctuation in the property market, poor policy, promote illegal activities and others. Aim of this research is to understand the background and concept of fixing and flipping in housing sectors and to establish the main challenges of implementing the fixing and flipping real estate investment. Furthermore, the objective is to determine the understanding of Registered Negotiator (REN) on fixing and flipping concept in real estate investment, to analyze the challenges on implementing fixing and flipping terrace houses in Kuala Lumpur and lastly, to determine the benefit of fixing and flipping real estate investment. Therefore, to derive on finding, a quantitative method being adopted using an online questionnaire form as an instrument. The result found that, that flipping investment do required a lot of money and considered as the main challenges in implementing the investment because this money use to buy the property, for renovation and to pay taxation when receiving return in form disposing a property and to maintain the property if it was rent out in order to recover from cost of repair. In conclusion, it is recommended that future studies should expand the scope of research to a broader area and concentrate on examining fixing and flipping in more depth.

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CHAPTER 1

INTRODUCTION

1.1 Research Background

Long ago, house is a place where people made as a shelter from any danger and a comfortable place where everybody calls a home. As the world getting modern, houses nowadays were purchased for the profit intent and not primarily used as an accommodation for dwelling. In addition to fixed deposits, unit trusts, and stocks, Malaysians also favor residential property investment as a form of investment (Hwa Ting, 2003). It is because public believes that investing in the real estate sector can be considered as the safest and easiest investment to be involved with as compared to others because the tangible asset can be seen. Hence, fixing and flipping real estate investment is also part of property investment.

In fixing and flipping transaction, investor who undertaken this activity is known as flipper which commonly act as middleman and speculator (Bayer et al., 2011). According to Depken et al. (2009), flipping is the practice of purchasing real estate with the intention of reselling it sooner and for a higher price. Commonly, older, and smaller properties are used in fix-and-flip investments (Depken et al., 2009), and/or abandon or damage properties called as '*rumah busuk*' in Malaysia. Likewise, due to the house's condition, flippers tend to purchase houses at discount price and renovate or beautify the house for flip. The fixing and flipping process usually takes a longer period depending on the flipper's financial during that time (Depken et al., 2009).