



**COLLEGE OF BUILT ENVIRONMENT  
UNIVERSITI TEKNOLOGI MARA**

**THE FACTORS AFFECTING THE DEMAND OF AFFORDABLE HOUSING  
AMONG MIDDLE INCOME GROUPS IN IPOH, PERAK.**

**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

Housing affordability in Malaysia is determined by the Median Multiple and Down-Market Penetration, with the median cost of housing being less than three times the median household's annual income. However, the housing affordability ratio has consistently been above three times in recent decades, as evidenced by data from NAPIC. The primary definition of affordable housing is the ability of one's salary to support the cost of buying a home. The government has introduced affordable housing schemes, such as the 11th Malaysian plan, to help M40 and B40 groups. However, the housing market in Malaysia faces challenges in meeting the demand for affordable housing, particularly among low- and middle-income households. The lack of adequate housing for M40 families in urban areas remains a concern, as they are often the target of public housing programs. Despite the increase in housing costs, M40 households are ineligible for low-cost housing. The government has introduced affordable housing schemes like the Home Ownership Program and Residensi Wilayah Keluarga Malaysia, but many of these schemes do not cater to the needs and lifestyles of middle-income buyers. Previous studies have mainly focused on the supply and demand of affordable houses for urban middle-income groups, neglecting decision-making factors among middle-income groups when purchasing housing schemes provided by the government. Therefore, the objective for this research is to recognize and identify the most important factors which affect the demand for affordable housing among middle income groups which focuses in Ipoh, Perak. The approach method in completing this research study is by using quantitative research. In this study research, data collection that is used are online survey questionnaire. The survey was distributed towards middle income groups among local people in Ipoh, Perak. They are required to answer a question survey or known as Google Form through online. A total of 273 respondents were able to answer the online survey question. All of the data were analyzed using descriptive analysis and average index to rank the important factors affecting the demand of affordable housing among middle income groups in Ipoh, Perak. After analyzed, there are 3 top factors which affects the demand of affordable housing among middle income in Ipoh,Perak. The 3 top factors are House Price, Location and Quality. This research will have a future impact on multiple parties to develop affordable housing schemes in Ipoh, Perak

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## CHAPTER 1

### RESEARCH BACKGROUND

#### 1.1 Introduction

The term "affordability" is broad, and it can imply different things to different people depending on their income levels and demands. Meanwhile, for Housing affordability is determined by the Median Multiple and Down-Market Penetration which is two variables. For example, an affordable house is considered when the median cost of housing should be less than three (3) times the median household's annual income hence known to be Median Multiple approach (Puteri et al., 2021). Unfortunately, according to Aziff Azuddin and Ziad Razak (2021) the housing affordability ratio for Malaysia has been consistently above three times in recent decades. They had justified this statement by using the data shown by NAPIC. For instance, the median house price during 2019 is RM289,646 which shows a much higher price compared to annual median income RM70,476.

Meanwhile the term "affordable housing" has several different definitions, the primary one is "the ability of one's salary to support the cost of buying a home." In turn, this means that a person's ability to purchase a home clearly demonstrates the relationship between personal income and house price, both of which have a big impact on housing affordability (Abdul Kadir et al., 2020). As we all know, Malaysia has 3 economic income groups which is T20, M40 and B40. T20 is considered as a group that has high household income compared to the other two which M40 and B40. Both lower groups are facing great issue in purchasing affordable house as the price market in Malaysia kept rising year by year.