UNIVERSITI TEKNOLOGI MARA | Cawangan Perak

KUTAI

GRESAFE_CITIES
Green Safe Cities, Research Group

6th UNDERGRADUATE SEMINAR ON BUILT ENVIRONMENT AND TECHNOLOGY (USBET) 2023

SUSTAINABLE BUILT ENVIRONMENT

25 - 27 SEPTEMBER 2023

E-PROCEEDING

USBET 2023

e-Proceeding

6th UNDERGRADUATE SEMINAR ON BUILT ENVIRONMENT AND TECHNOLOGY (USBET) 2023
SUSTAINABLE BUILT ENVIRONMENT

02 October 2023 | Perak, Malaysia
Universiti Teknologi MARA, Perak Branch, Seri Iskandar Campus

FACTORS INFLUENCING HOME BUYERS' PURCHASE DECISION IN KEPALA BATAS, PULAU PINANG

Syasya Syazana Abdul Halim[1], Junainah Mohamad[1*]

[1]Department of Built Environment Studies and Technology, College of Built Environment, Universiti Teknologi MARA, Perak Branch, Seri Iskandar Campus, 32610 Seri Iskandar Perak, Malaysia
syasyasyazana050@gmail.com, [*]mjunainah@uitm.edu.my

ABSTRACT

Every person should possess a house, house is a decent place to live is seen as a basic human requirement. It offers a physical setting where people and families may take care of their fundamental needs. According to Property Market Report 2020 shows Penang is fourth highest overhang residential property in Malaysia. The study aimed to identify the factors influencing home buyers' purchase decision in Kepala Batas, Penang and to rank the most influence factor influencing buyer before purchase a house. Before this, Kepala Batas used to be an area of palm oil and rice fields, now it has changed its face into a rapidly developing city, this area keeps develop day by day and lot of residential area was built but there are still many units are unsold. Data collection involved a questionnaire to gather primary data from 199 respondents, while secondary data was obtained from previous studies. Data analysis included descriptive frequencies and ranking to determine the most influential factors. The findings revealed several factors influencing buyers, such as financial considerations, house attributes, location, developer reputation, return on investment, superstitious beliefs, and neighbourhood factors. The study found that the financial factor had the greatest influence, followed by location, neighbourhood, house attributes, developer reputation, return on investment, and superstitious beliefs. Recommendations for future studies include focusing on specific factors, demographic segments, and conducting comparative analysis across different housing markets or regions. In conclusion, the researcher achieved the objectives set forth in the study.

Keywords: home buyer, purchase decisions, residential

INTRODUCTION

This study focuses on the residential real estate sector in Malaysia, particularly in Kepala Batas, Pulau Pinang. The residential market has become more mature with discerning homebuyers seeking prime locations, attractive features, and high-quality finishes. Owning a house is considered a basic human need, providing protection from weather, wildlife, and crime, as well as a place for relaxation and personal care. Despite the growing population, there are issues of unsold houses due to a mismatch between developer offerings and homebuyers' preferences. Buying a house is a significant decision involving a substantial cost and loan repayment, prompting buyers to consider various factors to ensure satisfaction and avoid regrets. The study aims to identify the factors influencing buyers before purchase a house and to rank the most influence factor influencing buyer before purchase a house, benefiting stakeholders such as developers, purchasers, regulators, and academic institutions. The findings can inform future residential projects and provide valuable insights for the real estate industry.

LITERATURE REVIEW

This part interprets on two important factors: House and buyer behaviour. It includes a review on the factors that influence buyer before purchase house.

House

One of a person's basic needs is a house. House can be defined as a fundamental requirement and is seen as part of the level of living. A house is a necessity that offers a family privacy and pleasant living quarters. The house gives safety, privacy and independence. By referring to Hong and Yew, (2012), house is also known as the social unit formed by a household living together. According to Mariadas et al., (2019), Petrus has said house is the most crucial element of a person's physical survival and house may represent a person's status in society and way of living. Besides, houses have a significant part in human existence. Mariadas et al., (2016), providing a family with a peaceful and comfortable space. Hassan et al., (2021a).

Buyer's Behaviour

"Consumer behaviour is the actions and the decision processes of people who purchase goods and services for personal consumption" – according to Engel et al., (2022), a process that results in the satisfaction of needs and wants through the utilization of inputs, processes, and actions is what is meant by the definition of buyer behaviour. From marketers' point of view issues specific aspects of consumer behaviour that need to be studied include the reasons behind consumers making purchases, specific factors influencing the patterns of consumer purchases, analysis of changing factors within the society and others.

Factors Influencing Buyers Before Purchase House

Financial Factor

According to Mohammad Mujaheed Hassan et al., (2021), Chia, Jamil, Mariadas, Opoku, and Abdul Mukmin have emphasized the significant influence of financial factors on buying a house. Finance encompasses various aspects of a person's financial situation, including income, expenses, interest rates, loans, mortgages, property evaluation, sale terms, house price, and waiting period (Eze and Lim, 2013), further highlight the importance of financing considerations for homebuyers. Price plays a crucial role in purchasing decisions, as the study mentioned. Price indicators encompass the cost of the house, interest rates, down payment, and bank instalments. Additionally, buyers must account for other expenses such as maintenance costs, utilities, registration and stamp duty, legal costs, and agency fees.

Location Factor

According to Rachmawati, (2019), location refers to the position of a product or a place that can be easily, safely, and conveniently accessed. According to Mohammad Mujaheed Hassan et al., (2021), mention that Khan defines location as the ability of a chosen house to be accessible from nearby towns, shopping facilities, and relatives' houses (Nasar & Manoj, 2015) emphasize the importance of location as one of the most significant factors to consider when purchasing a house. Mariadas et al. (2019), San state that a property in a desirable location tends to have a higher value and provides a higher return on investment. Additionally, according to Jayantha and Lau, as cited by Mariadas et al., (2019), families with children often prefer the suburbs, while seniors are more likely to choose town homes in the city centre. Buyers also prioritize proximity to their workplace to facilitate commuting and reduce daily transportation costs. According to Zhang and Nuangjamnong, (2022), Monica highlights that clients consider location a crucial factor when deciding where to live. Customers are attracted to sites that offer convenience and strategic placement.

Neighbourhood Factor

Buyers often prefer neighbourhoods where people of the same race and religion reside, as mentioned in the context of taboos and freedom of action. Clean environment factors also influence buyers' decisions. Jiesheng Mang et al., (2020) cite Lawton, Parra, and Aspinall, stating that buyers choose areas free from air pollution, such as residential areas away from factories that release harmful smoke. San, (2016) mentions buyers show greater interest in housing areas equipped with gated and guarded security systems and proximity to police stations. They are willing to pay more for residential properties in safe and protected neighbourhoods, even if it means a higher price than cheaper homes without such protection. According to Mariadas et al., (2019), Thaker and Sakaran stated when choosing a house or residential property, households are more likely to spend more if the neighbourhood is good. Pollution, crime rates, high level of security, and noise levels are the most

crucial factors to take into account, according to Zaherawati Zakaria et al., (2022), which said by Adair.

Housing Attribute Factor

According to Adair et al. (1996) and Chia et al., (2016), residential features encompass house design, construction quality, interior and exterior design, and decoration. Mohammad Mujaheed Hassan et al., (2021) mention that Musa includes elements such as age, design quality, room size, construction materials, walls and gates, landscaping, and layout when considering the features of a home. The number of bedrooms and bathrooms is also an important consideration, particularly for those with larger families. San, (2016) states that the quantity of rooms or bathrooms in a residential property is crucial to the decision-making process. Tenure is another factor to consider, with buyers generally preferring freehold properties over leasehold properties. Hong, (2012) explains that a leasehold title requires the property owner to surrender the land to the government after 99 years. According to Mariadas et al., (2019), buyers prefer freehold titles because they are not required to return their building and land to the government.

Developer Reputation Factor

Numerous houses have had high sales because they were built by reputable developers who have won numerous honours. The reputation of the developer plays an important role because a good reputation of the developer will make the buyer feel more confident about the quality and service provided. According to Mohammad Mujaheed Hassan et al., (2021), Razak has said the developer brand has a considerable impact on homeowners' purchase decisions.

Superstitious Beliefs Factor

Superstitious beliefs impact purchasing decisions, particularly in the context of residential property. According to Hasan et al., (2021c), developers targeting the Chinese population should mitigate the risks associated with superstitions and unfavourable perceptions of residential property projects. The Chinese population associates negative meanings and misfortune with the numbers 4 and 7. Rehm, Chen, and Filippova, as cited by Mohammad Mujaheed Hassan et al., (2021), explain that the number "4" is considered unlucky due to its similarity to the Cantonese word for "death." These superstitious beliefs significantly influence prospective buyers' attitudes, beliefs, and perceptions, which raises concerns when they seek to purchase a residential property (Hui, Wai, & Mei, 2019).

Return on Investment

According to Shadian and Lucian, as cited by Mohammad Mujaheed Hassan et al., (2021), residential real estate serves multiple purposes, such as a shelter for individuals seeking protection or an investment for investors. Buyers may purchase a house to fulfil their housing needs, while investors may view it as a long-term investment opportunity. Renting out the property is also a common strategy for investors to generate income. According to Nawawi et al., (2016), discovered a positive correlation between the location of a property and the purchase decision.

Urban areas can offer a strategic position and high rental demand, indirectly leading to a potentially higher return on investment for property owners.
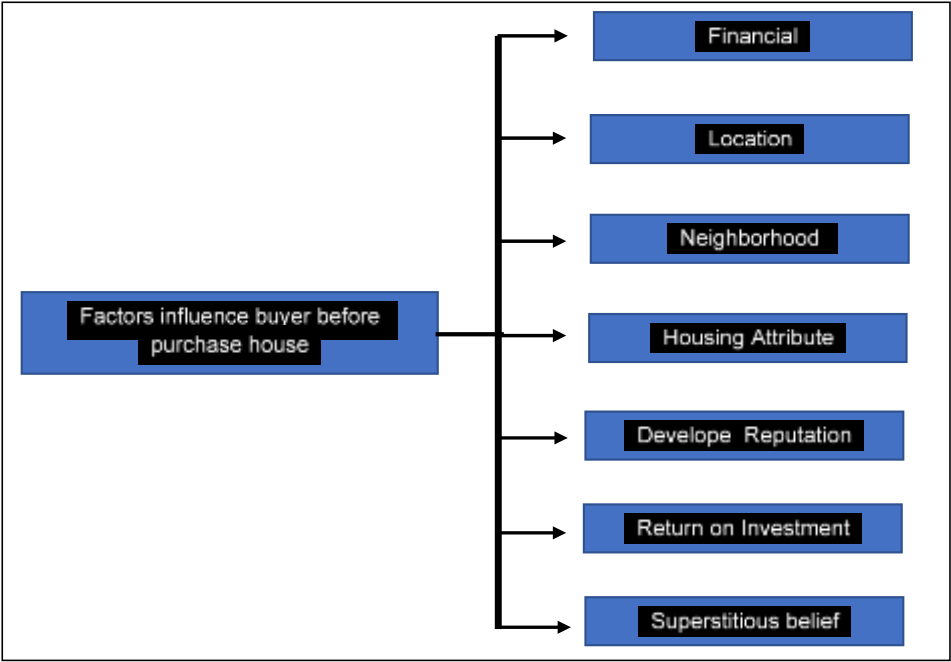

Figure 1: Show the Factors Influence Buyer Before Purchase House

METHODOLOGY

To achieve the objective one, the data collection is supported by a survey of relevant literature, journals, articles, internet while to achieve objective two is used a quantitative method. The questionnaire instrument is divided into two parts includes of Part A for demographic information questions by using a nominal scale, while Part B questioning on factors influence buyers before purchase a house using a likert scale. The questionnaire survey has been used to get the data form the respondents on that area. The selection of respondent by using simple random sampling technique. It is distributed to the people which stay in the area randomly in the different age. Next, the questionnaire was distributed to 202 number of respondent but only 199 respondents were responses to the questionnaire given. According to statistic population in Kepala Batas, Penang, Malaysia, 2023 around 18,323 number of populations in Kepala Batas, Penang, this still fulfilled the minimum requirement sample recommended by Solvin Formular, (1960) which required a minimum sample size of 99 samples. The analysed data obtained by using descriptive analysis of frequency analysis, mean analysis, and ranking. Furthermore, this technique may be used to prioritise variables that are scored on Likert-type scales. This research consisted of five level of likert scale for the questionnaire instruments that start from strongly disagree, disagree, uncertain, agree and strongly agree.

FINDINGS AND DISCUSSION

Based on table 1, the frequency analysis for the demographic information of the participants in the study. Regarding gender, there were 97 males (51.3%) and 102 females (48.7%) among the 199 participants. Age of respondent showed that the majority of were aged in the range 36-40 years old category (21.6%), followed by 31-35 years old (17.1%), 20-25 years old (16.6%), 41-45 years old (13.1%),26-30 and 46-50 years old (11.1%), and 51 and above (9.5%). Marital status of the respondent shows the majority of respondent were married (61.8%) and was followed by single (31.2%), widower and widor (3.5%). After that, majority number of family members of the respondent is in range 2 to 4 (33.2%) and was followed by 4 to 5 (24.1%), 1 to 2 (21.6%), 5 to 6 (10.1%), 7 to 8 (6.0%) and 6 to 7 (5.0%). Respondent income level, most of the respondent income level on that area an in range RM3,000 and below (24.6%) and was followed by RM5,001-RM6,000 (19.6%), RM3,001-RM4,000 (18.6%), RM4,001-RM5000 (15.6%), RM6,001-RM7,000 (10.6%), RM7,001-RM8,000 (3.5%), RM9,001-RM10,000(3.0%), RM8,001-RM9,000 (2.5%) and RM10,000 and above (2.0%). Type of property, most of the respondent on that area was purchase a terrace house (36.7%) and it was followed by semi-detached house (22.1%), high-rise condominium or apartment (21.6%) and bungalow (19.6%).

Table 1: Demographic profile

	Item	F	%
Gender	Male	97	51.3
	Female	102	48.7
	Total	**199**	**100.0**
Age	20-25 years old	33	16.6
	26-30 years old	22	11.1
	31-35 years old	34	17.1
	36-40 years old	43	21.6
	41-45 years old	26	13.1
	45-50 years old	22	11.1
	51 and above	19	9.5
	Total	**199**	**100.0**
Marital Status	Married	123	61.8
	Single	62	31.2
	Widower	7	3.5
	Widow	7	3.5
	Total	**199**	**100.0**
Number of Family Members	1-2	43	21.5
	2-4	66	33.2

	4-5	48	24.1
	5-6	20	10.1
	6-7	10	5.0
	7-8	12	6.0
	Total	**199**	**100.0**
Income Level	RM3,000 and below	49	24.6
	RM3,001-RM4,000	37	18.6
	RM4,001-RM5,000	31	15.6
	RM5,001-RM6,000	39	19.6
	RM6,001-RM7,000	21	10.6
	RM7,001-RM8,000	7	3.5
	RM8,001-RM9,000	5	2.5
	RM9,001-RM10,000	6	3.0
	RM10,000 and above	4	2.0
	Total	199	100.0
Type of property	Terrace	73	36.7
	Semi-Detached House	44	22.1
	High-rise condominium / apartment	43	21.6
	Bungalow	39	19.6
	Total	199	100.0

From the analysis this research indicates that several factors that should be consider by the buyer before decided to purchase a house refer to table 2. The first factor is financial factors, and its sub-factors are price of the house, income level, others cost incurred and mortgage rate. Next, the second factor is location, the sub-factors are distance from the town, availability of the retail outlet, distance from workplace and the basic interest. Third, the factor influence buyer before purchase house is the housing attribute factor and its sub-factor are such size of the building, number of bedroom and bathroom, size of garden, type of residential, beautiful, and quite view and type of tenure. Fourth is neighbourhood factor. Its sub-factor is clean neighbourhood, high level of security, level of air pollution, gated and guarded, same race. The fifth factor is developer reputation factor with the sub-factor are good reputation developer and investigate the background of the developer based on the past project. Sixth is return on investment, its sub-factor is return on a real estate investment and want to have side income. Seventh, the factor influence buyer before purchase house is superstitious beliefs with its sub-factor are house number and position of house.

Table 2: Mean analysis table

No.	Factors	Item	Mean	Average
1	Financial	Price of House	4.65	4.56
		Income Level	4.59	
		Others Cost Incurred	4.51	
		Mortgage Rate	4.48	
2	Location	Distance from Town	4.39	4.37
		Availability of Retail Outlet	4.33	
		Distance from Workplace	4.35	
		Basic Interest	4.40	
3	Housing Attribute	Size of Building	4.20	4.17
		Number of Bedroom and Bathroom	4.16	
		Size of Garden	4.15	
		Type of Residential	4.16	
		Beautiful and Quite Views	4.17	
		Type of Tenure	4.16	
4	Neighbourhood	Clean Neighbourhood	4.27	4.20
		High Level of Security	4.29	
		Level of Air Pollution	4.24	
		Gated and Guarded	4.20	
		Same Race	4.01	
5	Developer Reputation	Good Reputation Developer	4.21	4.15
		Background of The Developer	4.09	
6	Return on Investment	Return on A Real Estate Investment	4.19	4.14
		Want to Have Side Income	4.09	
7	Superstitious Beliefs	House Number	3.16	3.24
		Position of House	3.32	

Table 3: Ranking of Factor Influence Buyer Before Purchase House in Kepala Batas, Pulau Pinang

No.	Factors	Average	Rank

1	Financial	4.56	1
2	Location	4.37	2
3	Neighbourhood	4.20	3
4	Housing Attribute	4.17	4
5	Developer Reputation	4.15	5
6	Return on Investment	4.14	6
7	Superstitious Beliefs	3.24	7

The mean for each component contained in the questionnaire that was given to the relevant respondents which is people who reside in Kepala Batas, Pulau Pinang is shown in the table 3. Prior to buying a house in Kepala Batas, Pulau Pinang, purchasers are influenced by a variety of criteria, which are ranked using the norm. The researchers can more easily identify the most important factor influencing buyers before purchase a house by using average of mean.

Based on the summary table, the first rank of factors influences buyers before purchase house in Kepala Batas, Pulau Pinang is financial with the highest average 4.56 this is because buying a house involves a substantial upfront cost, including the down payment, closing costs, and other associated cost or fees. Ensuring that they can afford these costs is essential to completing the transaction. Next the highest average is 4.37, a location as the second factor. The location of house can greatly affect their daily commute and accessibility to work, schools, shopping mall, healthcare facilities, and other essential places. A convenient location can save time and reduce stress associated with long commutes. Followed by the neighbourhood as ranked third with the average of 4.20. The neighbourhood they live in directly affects their quality of life. Factors such as safety, cleanliness, and same race can contribute to your overall well-being and happiness. The fourth factor is housing attribute with average 4.17. The size of the house and its layout should align with their needs and preferences. Consider the number of bedrooms, bathrooms, size of building and garden, type of residential, beautiful and quite view and type of tenure to ensure they meet their family's requirements. The next factor is a developer reputation factor with 4.15 and return on investment with average is 4.14. Established developers with good reputations are generally more reliable when it comes to completing projects on time. This helps from avoid delays and uncertainties that might arise from working with less reputable developers and a developer's track record of successfully completed projects can indicate their experience and ability to deliver quality properties. Next, if they decide to sell the property, return on investment (ROI) plays a critical role in determining whether achieve their financial goals. A property with good ROI potential offers better prospects for a profitable sale. Besides, by purchasing a property and renting it to tenants, homeowners can receive a regular stream of rental income that can help cover mortgage payments, property expenses,

and potentially provide additional cash flow. The seventh-ranked with an average of 3.24 is superstitious beliefs factor. Certain numbers or position may hold symbolic meaning in specific cultures. For example, in some cultures, the number 8 is considered lucky, while the number 4 is associated with bad luck.

CONCLUSION

In conclusion, the researcher has succeeded in achieving both objectives set out before the research was carried out. Next, there are several factor influencing buyers before purchase house in Kepala Batas, Penang, that has found by the researcher. The factors are financial factor, location factor, neighbourhood factor, housing attribute factor, superstitious beliefs, return on investment, developer reputation factor. After further data analysis and ranking of the factor, the researcher found the most influenced factor is a financial factor. The researcher had also given a recommendation concentrating on a certain topic or the same field to do future research in a related or unrelated sector. The recommendation for future study should focus on one of these factors, such as location, to gain better insight. Additionally, research should focus on specific demographic segments like millennials, seniors, or families to understand their unique preferences, needs, and constraints. Analysing lifestyle, life stage, and income levels can also help understand how local economic, cultural, and demographic factors impact buyer decision-making processes. Lastly, conduct comparative analysis of different housing markets or regions can help identify variations in these factors. This research can help understand how local economic, cultural, and demographic factors impact buyer decision-making processes.

ACKNOWLEDGEMENT

REFERENCES

Chia, J. (2016). Understanding Factors That Influence House Purchase Intention Among Consumers in Kota Kinabalu: An Application of Buyer Behaviour Model Theory.

https://publisher.uthm.edu.my/ojs/index.php/jtmb/article/view/1466

Eze, U. C., & Lim, Y. Y. (2013). *Indicators in the Purchase of Housing Properties* Journal of Southeast Asian Research. https://doi.org/10.5171/2013.432043 Hong, T.T., & Yew, Y. C. (2012). Locational, neighborhood, structural and socio-cultural attributes of housing in homeownership decisions - *Sunway Institutional Repository*. (n.d.). http://eprints.sunway.edu.my/144/

Hui, K.M., Wai, C.W., & Mei, N.S. (2019). Universiti Teknologi Malaysia. (n.d.-b). The effect of superstitious beliefs on property purchase intention - *Universiti Teknologi Malaysia Institutional Repository*. http://eprints.utm.my/id/eprint/87274/

JieSheng Mang, Roslin Zainal, & Indera Syahrul Mat Radzuan. (2020). *Factors Influencing Home Buyers' Purchase Decisions in Klang Valley*, Malaysia. Malaysian Journal of Sustainable Environment, 7(2). Malaysian Journal of Sustainable Environment, 7(2).

Manjo, P. K., & Nasar, K. K. (2015). Purchase Decision for Apartments: A Closer Look into The Major Influencing Factors. *ResearchGate*. *https://www.researchgate.net/publication/280232464_Purchase_Decision_For_Apartments_A_Closer_Look_Into_The_Major_Influencing_Factors*

Mariadas, P. A., Abdullah, H., & Abdullah, N. (2019*). Factors Influencing the First Home Purchase Decision of Middle-Income Earners (M40) In Selangor, Malaysia. E-Bangi*, *16*(1). http://journalarticle.ukm.my/15664/

Mohammad Mujaheed Hassan, Nobaya Ahmad, & Ahmad Hariza Hashim. (2021a). *Factors Influencing Housing Purchase Decision.* International Journal of AcademIc Research in BusIness and SocIal ScIences, 11(7).

Mohammad Mujaheed Hassan, Nobaya Ahmad, & Ahmad Hariza Hashim. (2021). *The Conceptual Framework of Housing Purchase Decision Making Process.* International Journal of Academic Research in Business and Social Sciences, *11*(11).

Nawawi, A. H., & Sipan, I. (2016). *Review of building, locational, neighbourhood qualities affecting house prices in Malaysia.* Procedia - Social and Behavioral Sciences, 234, 452–460. https://doi.org/10.1016/j.sbspro.2016.10.263

Rachmawati, D., Shukri, S. M., Azam, S. M. F., & Khatibi, A. (2019). Factors influencing customers' purchase decision of residential property in Selangor, Malaysia. *Management Science Letters*, 1341–1348.

https://doi.org/10.5267/j.msl.2019.5.016

San, K.C. (2016). Attributes Influencing Home Buyers' Purchase Decision: A Study *of* Residential Property in Setia Alam - *UTAR Institutional Repository*. (n.d.). *http://eprints.utar.edu.my/2078/*

Zhang, P., & Nuangjamnong, C. (2022). Factors influencing the purchase decision of Bangkok building property in the context of new normal life. . . *ResearchGate. https://www.researchgate.net/publication/361531983_Factors_Influencing_the_ Purchase_Decision_of_Bangkok_Building_Property_in_the_Context_of_New_ Normal_Life_Situation*

Universiti Teknologi MARA
Cawangan Perak
Kampus Seri Iskandar
32610 Bandar Baru Seri Iskandar,
Perak Darul Ridzuan, MALAYSIA
Tel: (+605) 374 2093/2453 Faks: (+605) 374 2299

UNIVERSITI
TEKNOLOGI
MARA

Surat kami : 700-KPK (PRP.UP.1/20/1)
Tarikh : 20 Januari 2023

TERIMA
2 5 JAN 2023
Tindakan
Universiti Teknologi MARA Perak
PEJABAT REKTOR

Prof. Madya Dr. Nur Hisham Ibrahim
Rektor
Universiti Teknologi MARA
Cawangan Perak

Tuan,

PERMOHONAN KELULUSAN MEMUAT NAIK PENERBITAN UiTM CAWANGAN PERAK MELALUI REPOSITORI INSTITUSI UiTM (IR)

Perkara di atas adalah dirujuk.

2.   Adalah dimaklumkan bahawa pihak kami ingin memohon kelulusan tuan untuk mengimbas (*digitize*) dan memuat naik semua jenis penerbitan di bawah UiTM Cawangan Perak melalui Repositori Institusi UiTM, PTAR.

3.   Tujuan permohonan ini adalah bagi membolehkan akses yang lebih meluas oleh pengguna perpustakaan terhadap semua maklumat yang terkandung di dalam penerbitan melalui laman Web PTAR UiTM Cawangan Perak.

Kelulusan daripada pihak tuan dalam perkara ini amat dihargai.

Sekian, terima kasih.

"BERKHIDMAT UNTUK NEGARA"

setuju.

27.1.2023

Saya yang menjalankan amanah,

PROF. MADYA DR. NUR HISHAM IBRAHIM
REKTOR
UNIVERSITI TEKNOLOGI MARA
CAWANGAN PERAK
KAMPUS SERI ISKANDAR

SITI BASRIYAH SHAIK BAHARUDIN
Timbalan Ketua Pustakawan

nar