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**ECONOMIC PERSPECTIVES ON ADAPTIVE  
REUSE OF HERITAGE BUILDING AS HOTELS  
IN GEORGE TOWN, PENANG**

Final Project submitted in partial fulfillment of the requirement for  
the award of Bachelor of Quantity Surveying (Honours)

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## **ABSTRACT**

Nowadays, many buildings are constructed with the latest and more futuristic design. The modern design of the newly constructed building may have threatened older and historical buildings to evolve as well. However, heritage buildings are better to keep and maintain the way it is due to the high building value it possessed. Some of the problems of adaptive reuse identified in this research are high cost of construction and uneconomic building return. The aim of this research is to study the economic perspectives of adaptive reuse in heritage buildings. The objectives are to identify adaptive reuse of heritage building as hotels, to determine the hotel success factors and to study the rate of success of economic return on adaptive reuse of heritage building as hotels in George Town, Penang. Data was collected by observations, questionnaires and interviews methods. These data were then analysed using SPSS (Version 24) with Inductive Approach. The results of this study will benefit the future property investors that will adapt any heritage buildings into hotel. From this study, there are 30 heritage buildings adapted into hotels with interior design as the main hotel success factor. With an average duration of only 9 years to get back their capital return, hotel owners agreed that adaptive reuse is an investment that is worth to invest.

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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 BACKGROUND OF STUDY**

According to Worthing and Bond (2008), adaptive reuse allows structures to retain their historical uprightness while providing modern needs for the occupants. Adaptive reuse may be referred to as the process of reusing building property for the purpose of other than what it was built for. It is the process of refunctioning the function of building without changing its façade.

Adaptive reuse is not something rare in our country. In fact, adaptive reuse of heritage buildings have long been practiced in many developed countries for the policies that have been implemented in their legislation (Silva and Perera, 2016). However, in Malaysia the adaptive reuse of 'heritage' buildings might be new in this field, this is so because this country specifically in George Town and Malacca, have only received the 'heritage' title a decade ago on 7<sup>th</sup> July 2008. This shows that Malaysia is still new with adaptive reuse of heritage buildings.

According to Silva and Perera (2016), there are many reasons for adaptive reuse to be implemented such as the long building life span, low material wastage, limited resource consumption, rising energy costs, ability to fulfil multi-purpose usage requirements, reduction of the negative impacts of buildings as well as financial and other incentives provided by legislative bodies. These factors are important to determine the refunctioning of the heritage buildings.

With regards to the factors of using adaptive reuse above, in some cases, adaptive reuse still cannot be implemented due to the economic considerations. Apart from physical factors, economic factor must also be taken into consideration before adaptive reuse can be implemented. Some of the considerations are cost of