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E-BOOK OF EXTENDED ABSTRACTS

FROM RENT TO RESIDENCE: STATISTICAL INSIGHT INTO THE DETERMINANTS OF HOME OWNERSHIP

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ABSTRACT

Home ownership is widely regarded as a key indicator of financial stability and social well-being, especially in developing countries like Malaysia. However, increasing property prices, stagnant wages, and shifting demographic patterns have made owning a home an increasingly complex challenge. This study was conducted to identify the key determinants of home ownership among Malaysian residents and to construct the best binary logistic model to predict ownership likelihood. The independent variables used were income, age, education level, marital status, family size, and living status. The dependent variable was ownership status (1 = Own, 0 = Do not own). Data were collected through a hybrid distribution method from a sample of 293 respondents across Malaysia. The results revealed that income, age, education level, and marital status were significant predictors of home ownership, while family size and living status were not. Evaluation of the model was performed using the Omnibus Test, Wald Statistics, Hosmer-Lemeshow Goodness-of-Fit Test, and Predictive Efficiency Model. Pseudo-R^2 values (Cox & Snell $R^2 = 0.440$ and Nagelkerke $R^2 = 0.603$) supported the model's robustness. The model also demonstrated a high predictive accuracy of 82.4%. These results emphasise the importance of financial and demographic factors in determining home ownership and may inform future housing policy initiatives.

Keywords: Home ownership, Logistic Regression, Malaysia

INTRODUCTION

The growing demand for home ownership in Malaysia has sparked extensive attention from the public, media, and policymakers in recent years. Home ownership is often associated with financial independence, long-term economic stability, and a measure of success in Malaysian. A house not only provides physical shelter but also serves as a critical investment tool for wealth accumulation and intergenerational transfer. According to the National Property Information Centre (NAPIC), property prices in Malaysia have been steadily increasing, especially in urban areas such as Kuala Lumpur and Selangor, making housing affordability a key national concern.

Despite efforts from the government with programs like "My First Home Scheme," many Malaysians still find home ownership out of reach. High housing prices and slow wage growth have made it difficult for people to buy homes without financial struggle. In urban areas, for instance, more than 60% of families can't afford a median-priced home without feeling the financial pinch (Khazanah Research Institute, 2018). The challenges extend beyond just economics. As Malaysia's population ages and more people move to cities, young adults, especially those just starting their careers, face hurdles in saving enough for a down payment. This often leads them to rent for longer periods or stay with family, affecting their independence and financial growth.

Income level remains a major barrier to homeownership, as property prices continue to outpace wage growth, limiting affordability for middle-income earners (Aqlima Ramli et al., 2024). Younger adults also struggle due to job insecurity and career mobility, which delay home-buying decisions and increase reliance on rental housing (Lai et al., 2023). Education plays a crucial role, not only in improving income potential but also in equipping individuals with financial literacy, which is essential for making informed homeownership decisions (Diyana Nadirah Mohd Hadi et al., 2023). Marital status influences homeownership capabilities, with single individuals often struggling more due to limited financial resources compared to married couples who can pool incomes (Grinstein-Weiss et al., 2011). Family size presents unique challenges, as larger families require more space, which is often financially out of reach (Wahab1 et al., 2023). Those living with family also experience delayed homeownership aspirations, as the lack of immediate housing pressure reduces urgency in entering the market (Khazanah Research Institute, 2023).

With the homeownership rate reported at 76.9% in 2019, a substantial portion of the population remains excluded from property ownership (Rahim et al., 2019). Thus, this research is necessary to identify the factors influencing homeownership in Malaysia. Identifying these determinants will provide insights into consumer behaviour and help policymakers and industry stakeholders address barriers to affordability and accessibility. Ultimately, these findings could contribute to reducing inequality and fostering economic inclusivity in the housing market.

RESULTS AND DISCUSSION

The purpose of this study was to determine the best logistic model for the determinants of home ownership by Malaysians as well as to investigate the factors that significantly impact this determinant. To simplify and make the conclusion easier to understand, Table 1 was created as follows.

Table 1: Model Coefficient

Variable	Estimated Coefficient	Standard Error	p-Value
Income	0.560	0.123	0.000
Age	0.095	0.025	0.000
Education (SPM)	1.614	0.795	0.042
Education (Undergraduate)	2.239	0.691	0.001
Marital Status	-1.083	0.492	0.028
Family Size (Small)	0.322	1.059	0.761
Family Size (Medium)	-0.265	1.094	0.809
Living Status (Family)	-19.995	9991.443	0.998
Living Status (Friend)	-20.508	9991.443	0.998
Constant	13.672	9991.443	0.999

It can be determined that the main factors influencing the determinants of home ownership are income, age, education level and marital status since all the p-values of these variables are less than 0.05. Following is the estimated logit model for the full model obtained:

Logit(Y=1) = 13.672 + 0.560 Income + 0.095 Age + 1.614 SPM + 2.239 Undergraduate -1.083 Marital_Status + 0.322 Family_Small – 0.265 Family_Medium – 19.995 Living_Family – 20.508 Living_Friend

CONCLUSION

Through the analysis of key variables associated with home ownership, this study has illuminated several factors that significantly influence an individual’s likelihood of owning a home in Malaysia. The findings demonstrate that older individuals and those with higher incomes are more likely to own a house. This supports the conventional understanding that with age comes financial stability, and increased income allows for greater investment in long-term assets such as property.

In addition, education emerged as a strong predictor of home ownership. Respondents who completed SPM and those with undergraduate degrees were found to be significantly more likely to own a home compared to those without formal education credentials. This may be because education increases employment opportunities and income potential, which in turn improves the ability to afford home ownership.

Furthermore, marital status also plays an essential role. Single individuals were found to be less likely to own a house, aligning with the idea that married couples often combine financial resources, making it easier to purchase a property. Family size was another influential factor. Respondents with small or medium sizes had lower odds of owning a home compared to larger families, potentially due to different financial priorities or stages in the life cycle.Living status was also found to significantly impact home ownership. Respondents who lived with family or friends were less likely to own a home, suggesting that those living independently may have a stronger motivation or financial need to invest in property.

To further strengthen future research, it is recommended that the sample size be increased beyond 271 respondents to allow for more generalizable results. Additional independent variables such as employment type, loan eligibility, urban versus rural location, and financial literacy could be explored to enrich the model.

From a policy perspective, these findings highlight the need for targeted homeownership assistance programs. For example, financial incentives or special schemes could be introduced for single individuals, young adults, and small families. Moreover, improving access to affordable housing and enhancing public awareness on housing loan programs could help address home ownership disparities.

Finally, institutions such as Bank Negara Malaysia and the Ministry of Local Government Development should continue collaborating with developers and financial institutions to ensure fair access to home financing and promote long-term sustainable home ownership across all demographics in Malaysia.

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