e-JOMS
MALAYSIAN JOURNAL OF MEDIA & SOCIETY

e-Journal of Media & Society

A STUDY ON HOUSING AFFORDABILITY IN A MALAYSIAN CONTEXT

Nurul Edryn binti Zuraimi, Abdul Rauf Ridzuan, Mohd Hilmi Bakar, Rosilawati Sultan Mohideen, Ilya Yasnoriza Ilyas, S Salahudin Suyurno

International Islamic College, Kuala Lumpur
Universiti Teknologi MARA Melaka

*correspondent: edrynzuraimi@gmail.com

ABSTRACT

Everyone will eventually get to the age where they have to buy a house. It is impossible that no one could have no problem at all when buying a house. But while they are struggling buying a house, what about the developers? Housing glut can happen and it may as well be a loss towards the developers. When it comes to financial, the commitment towards buying a house is really tough. . When it comes to financial, the commitment towards is really tough. They need to think about their families, basic necessities, loans and many other commitments can lead to financial pressure In Maslow's Hierarchy of Needs, the lowest level of needs is physiological which are air, food, drink, shelter, warmth, sex, sleep and others. In relation to housing affordability, even though it is in the lowest level of needs, it is still crucial for a family to have a shelter. The respondents for this study are 200 Malaysians aged from 18 to 50 and above. The data is collected through an online survey with a total of 42 close-ended questions while the raw data collected is analysed using Statistical Package for Social Science (SPSS). Findings found that only one out of the five hypothesis is accepted which is the expectancy of the house they want at β=0.341.

Keywords: House, Affordability, Maslow's Hierarchy of Needs

INTRODUCTION

Buying a house is not as easy as it seems. Countless efforts must be done even for over years to save the money for down payment. Some would result themselves into renting a house. It is not to say that renting is not good, it is just that people might be wasting their money easily especially those who live in the urban area. Urban area requires more money to be spent not only on renting, it is even their basic necessities are usually higher than in the suburban and rural areas. Most Malaysians would prefer to live in the urban area because it is easy to get

anything just at the tip of the hands. This is because, in urban areas, the malls, market and convenience stores are all near.

"Housing affordability measures the housing cost burden placed on a household" (Rowley & Ong, 2012). This definition already means housing affordability is a burden towards people. Even though having a house is vital for a family, people still struggle to achieve owning a house completely. This is because buying a house is usually on a contract, to pay in accordance to years. Housing costs includes paying bills, house maintenance and many more. Sometimes people target to only own a house by renting instead of buying because buying a house can be a very heavy burden to them.

Meanwhile, Malaysia is country that is a part of Southeast Asia. Malaysia consists of the southern part of Malay Peninsula which are Johor, Kedah, Kelantan, Wilayah Persekutuan, Melaka, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Sabah, Sarawak, Selangor and Terengganu and the northern part of the island of Borneo which are Sabah and Sarawak The capital of this country is Kuala Lumpur. Every different state in Malaysia have different kind of economy in which can result in different level of housing affordability (A. Ismail, 2015).

The residential property is still in a good position when it comes to withstanding the global financial crisis (Tan, 2009). However, that was a research in 2009. It is best believed that in 2018 and even the fact that even 2019, Malaysians are not really at a safe pace anymore. Now even with globalization, Malaysian cannot run from the slightest thing, prices are increasing. It is impossible how even the smallest item's price is increasing, house prices would definitely increase as well.

When researching within a context, it is important that the researcher must know exactly the location of this study. If the location is not stated, it is difficult to discover because it is hard to know the culture or even tradition that people might be going through that makes it a problem to buy a house. The research must also be within the context and not out of it as it may interrupt the data input for this research.

As Malaysians know, there are indeed many efforts that are done to help Malaysians to buy houses however, if Malaysians do not help themselves, who else are going to help? It is actually nice to see when in neighbourhoods, there are varieties of neighbours from different races that would learn each other's culture. It is very hard to find this kind of neighbourhood in other countries because usually they only have one race or two. In Malaysia, we have a variety of races that would always offer to help each other.

Hence, the researcher decided to conduct this research to figure out the main problem that are giving Malaysians a headache every time they think about it. On top of that, this research might as well be a guidance towards property developers so that their business would not have any downfalls.

PROBLEM STATEMENT

It is believed that one day, everyone will eventually get to age where they have to buy a house no matter what. It is impossible to know that they have no problem at all when buying a house. However, while they are struggling trying to find the right house, how about the developers? A housing glut issue may happen because developers may lose their profit when there are less people can afford buying a house (A. Ruban, 2016). For a person to buy a house, their main problem is that their income does not compliment with the type of houses they want to buy (Zainal Abidin Hashim, 2010). They would have too many things to be committed to such as their families, basic necessities, bank loans, study loans and even their daily necessities.

All of these may easily leads to financial pressure. Eventually, people think that one thing they can avoid from more financial pressure is to not buy a house and just live with their own parents. Not only that, even if they do find the type of house they want, it is far from their workplace (Hassan M. A., 2018). There are indeed many people who have no idea on how to buy a house. This should be a basic knowledge once a person starts to earn money for themselves and when they want to build a family.

Ordinarily, those who want to buy a house must have at 10% of the property's purchase price to pay the down payment. Afterwards, the remaining amount will be financed through a bank loan. For instance, a house is priced at RM300,000 – they must at least have RM30,000 to pay the down payment. Buyers must also note that the payment after buying a house is not only the house itself, it also includes legal fees, stamp duties, Sales & Purchase Agreement (SPA) fees and valuation fees. Sometimes it is impossible to believe that the cost is too high, however, we still need to fulfil it as it is one of people's most essential needs (Reena Kaur Bhatt, 2018).

HOUSING AFFORDABILITY IN MALAYSIA

Over the decade, housing affordability has always been a problem to us Malaysians due to the house prices that has been skyrocketing. According to Zainal Abidin Hashim (2010), the affordability of homeownership may be undercut if house prices keep on increasing. This means that before this, it was not really a major problem of Malaysians. It was after the Asian financial crisis in 1997 until late 1998 that it started to affect the whole economy in Malaysia including the property section (Zainal Abidin Hashim, 2010).

Location is very crucial when it comes to buying a house. Not only that, it is crucial because the price is different at every different location. M. Azren Hassan, Hazlina Hamdan, Jamalunlaili Abdullah, & Yusfida Ayu Abdullah (2018) said that in a more developed state or specifically urban areas such as Selangor, housing affordability is one the biggest problem of low and middle-income household there. However, even if they can afford to buy a house in the suburban or village area, they can cut cost there but would be spending more on transportation. (M. Azren Hassan, Hazlina Hamdan, Jamalunlaili Abdullah, & Yusfida Ayu Abdullah, 2018) It is true indeed and the truth must be accepted that people can no longer run from it.

There are surely many efforts by the government to provide low-cost houses such as Rumah PR1MA and My First Home Scheme and many other more schemes (Dzul Ashrai Abu Bakar & Hamzah Jusoh, 2017). Some people would opt for these housing schemes so that they get to buy at a cheaper price. The price of houses nowadays are just too high. Figure below shows that most states in Malaysia, not any of the B40 group can afford to at least buy a terrace house. Sometimes even the high-rises costs way too high. (What's 'affordable' housing in Malaysia?, 2017)

RESEARCH METHODOLOGY

This research examined the study of factors affecting a person to buy a house and housing affordability in a Malaysian context. The amount of survey calculated according to Krejcie and Morgan (1970), the total population of Malaysians are over a million and thus, the sample size for this research is 384 (S) samples. However, researcher only managed to get 200 respondents as to fulfil the minimum requirement for this thesis. Purposive sampling method is used for this research. Descriptive quantitative research study was conducted through survey using questionnaire form. The hypothesis testing gained by using two different methods which indicated different result which are Pearson Correlation and Multiple Linear Regression (Ridzuan, Ridzuan and Ridzuan, 2018).

RESULTS AND DISCUSSIONS

a) Profile of the respondents

The profile of the sample is discussed in terms of six characteristics: Sex, State, Age groups, Place of origin, Ethnicity, Household income (RM), Occupation, Homeownership, I have an intention to buy a house. (Yes/No), I own more than one house. (Yes/No), I already have my own house. (Self-bought) (Yes/No).

Table 1: Distribution of the respondents by Profile (n=200)

Profile	Frequency	Percentage (%)
Sex		
Male	69	34.5
Female	131	65.5
State		
Johor	82	41
Kedah	11	5.5
Kelantan	2	1
Wilayah Persekutuan	18	9
Melaka	12	6
Negeri Sembilan	6	3
Pahang	13	6.5
Penang	3	1.5
Perak	11	5.5
Perlis	1	0.5
Sabah	6	3
Sarawak	15	7.5
Selangor	16	8
Terengganu	4	2
Age groups		
18 - 25	95	47.5
26 - 33	66	33
34 - 41	22	11
42 - 49	11	5.5
50 and above	6	3
Marital Status		
Single	119	59.5
Married	79	39.5
Widowed	2	1
Place of Origin		
Urban	102	51
Suburban	55	27.5
Rural/Village	43	21.5

Ethnicity		
Malay	180	90
Chinese	6	3
Indian	2	1
Others	12	6
Household income (RM)		
Less than 2,000	54	27
2,001 - 4,000	64	32
4,001 - 6,000	31	15.5
6,001 - 8,000	21	10.5
8,001 and above	30	15
Occupation		
Working at a government sector	37	18.5
Working at a private sector	61	30.5
Self-employed	20	10
Unemployed	7	3.5
Student	75	37.5
Homeownership		
Owner	56	28
Rent	44	22
Family home	100	50
I have an intention to buy a house		
Yes	169	84.5
No	31	15.5
I own more than one house		
Yes	30	15
No	170	85
I already have my own house (Self-bought)		
Yes	66	33
No	134	67

Table 1 shows the demographic profile of the respondents from all over Malaysia. Based on the findings, most respondents are females (65.5%), from Johor (41%), aged 18-25 (47.5%), single (59.5%), Malays (90%), household income of RM2,001 - 4,000 (32%), occupation as student (37.5%) and working at a private sector (30.5%). 50% of them are currently living with their family. As for the extra three Yes/No questions, it is found that 84.5% of them has an intention to buy house. Not only that, 85% do not have more than one house. Lastly, 67% of them does not have their own house (self-bought).

Table 2: *Coefficient for Multiple Regression Analysis*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	**Beta**		
1	(Constant)	1.603	.314		5.107	.000
	Financial	-.047	.060	-.059	-.778	.437
	Cost	.056	.073	.060	.775	.439
	Process	-.037	.052	-.051	-.711	.478
	Lifestyle	-.045	.060	-.053	-.745	.457
	Expectancy	.417	.087	.341	4.817	.000

Dependent Variable: Housing Affordability in a Malaysian Context

The Coefficient table above shows Beta value for all the independent variables when they are regressed jointly against dependent variable. Based on the standardized coefficients reading, the Beta values for independent show positive relationship towards the dependent variables but not all.

H1: The higher the financial, the lower the housing affordability
Factor 1 is regarding the financial which indicated Beta value of strong negative relationship (β= -.059) with the significant level (p=0.437). Thus the null hypothesis is rejected and accepts the new alternate hypothesis. However, M. Azren Hassan, Hazlina Hamdan, Jamalunlaili Abdullah, & Yusfida Ayu Abdullah (2018) stated that the buyer must have the willingness to own and sustain an average home without being financially distressed. This is probably because the respondents mostly are willing to devote when buying a house.

• **H2: The higher the cost, the lower the housing affordability.**

Factor 2 is referring to the cost which indicted the strong positive relationship (β= 0.060) at significant level (p=0.439). Thus the null hypothesis is rejected and accepts the new alternate hypothesis. Ahmad Ariffian Bujang, Shapee N. A. S., Hasmah Abu Zarin, & Ismail. A. (2017) mentioned that housing cost must be spent more when a person want to own a house.

- **H3: The more complicated the process, the lower the housing affordability.**

Factor 3 is referring to the process which indicted Beta value of moderate negative relationship ($β= -0.307$) with the significant level ($p=0.478$). Thus the null hypothesis is rejected and accepts the new alternate hypothesis. Nevertheless, based on an article by Reena Kaur Bhatt (2018), she listed up to 12 steps on how to buy a house easily. These sources could help Malaysians to buy their house easily without and costings.

- **H4: The more luxury the lifestyle they live, the lower the housing affordability.**

Factor 4 stated that the strong negative reading of luxury ($β= -0.045$) at significant value ($p=0.457$). Thus the null hypothesis is rejected and accepts the new alternate hypothesis. On the other hand, Tan (2010) said that housing is now a lifestyle or space that reflects their personality, self-image and character.

- **H5: The higher the expectancy, the lower the housing affordability**

Factor 5 is referring to the expectancy which indicted Beta value of strong positive relationship ($β=0.417$) with the significant level ($p=0.000$). Thus the null hypothesis is accepted due to the significant value is ($p<0.05$). In spite of this, Tan (2010) also stated that people expect that owning a home means that they will improve the home environment as well.

CONCLUSION

Two results are indicated which is the Beta ($β$) values, it represents the significant relations directly from the independent towards dependent variables. In this study, expectancy ($β=0.341$) has the strongest significant relations towards housing affordability in a Malaysian context. Not only that, as for the coefficient significant level of Multiple Linear Regression analysis, the standardized significant value must be or less than 0.05. There was only one hypothesis that was accepted. The hypothesis that was accepted with a significant level of 0.000 is the fifth hypothesis, the higher the expectancy, the lower the housing affordability.

The result of this study somehow opposed many of other researches especially on the financial, cost, process and lifestyle. It has been known to many researchers that financial is the main reason why people cannot afford to buy a house. In addition, Malaysians also know the fact that the cost of houses in Malaysia is insanely expensive especially in areas such as Kuala Lumpur, Selangor and even Johor. The researcher can say there is an error in terms of the age group because the age of 18-25 is too young to think about the other four variables except expectancy. At the very young age, they surely dream a lot about their dream houses and how they want their house to be. This can be the factor why only one hypothesis is accepted which is the higher the expectancy, the lower the housing affordability.

HYPOTHESIS	Sig.	RESULT
H1: The higher the financial, the lower the housing affordability,	.437	Ho REJECTED Ha ACCEPTED
H2: The higher the cost, the lower the housing affordability.	.439	Ho REJECTED Ha ACCEPTED
H3: The more complicated the process, the lower the housing affordability.	.478	Ho REJECTED Ha ACCEPTED
H4: The more luxury the lifestyle they live, the lower the housing affordability.	.457	Ho REJECTED Ha ACCEPTED
H5: The higher the expectancy, the lower the housing affordability	.000	Ho ACCEPTED

REFERENCES

A. Ruban . (2016, August). *In Johor, Iskandar Malaysia says property glut nothing surprising*. Retrieved from Malay Mail Online: http://www.themalaymailonline.com/malaysia/article/in-johor-iskandar-malaysia-says-property-glut-nothing-surprising

Venesa Devi. (2018, September). *UDA Property App for easy access to information.* Retrieved from The Star.

Wan Nor Azriyati Wan Abd Aziz, Noor Rosly Hanif, & Kuppusamy a/l Singaravello. (2010). A Study On Affordable Housing Within The Middle Income Households In The Major Cities And Towns In Malaysia.

Ahmad Arifiian Bujang, W. R. Anthony Jiram, Hasmah Abu Zarin, & F. H. Md. Anuar. (2015). Measuring the Gen Y Housing Affordability Problem. *International Journal of Trade, Economics and Finance, Vol. 6, No. 1*, 22-26.

A. Ismail, e. a. (2015). Housing Financing Facility and Affordability Level of Bumiputera within Iskandar Malaysia. *Journal of Economics, Business and Management, Vol. 3*, 870-874.

Ahmad Ariffian Bujang, Hasmah Abu Zarin, & Norhaslina Jumadi. (2010). The Relationship Between Demographic Factors And Housing Affordability. *Malaysian Journal of Real Estate, Volume 5, Number 1*, 49-58.

Ahmad Ariffian Bujang, Shapee N. A. S., Hasmah Abu Zarin, & Ismail. A. (2017). Factors Influencing The Housing Affordability Stress Among Bumiputera. *International Journal of Real Estate Studies, Volume 11 Number 4*, 125-127.

Cronbach, L. J. (1951). Coefficient alpha and the internal structure oftests. *psychometrika*, *16*(3), 297-334.

Diwa Samad, Nurshuhada Zainon, Faizul Azli Mohd Rahim, Eric Lou, & Saipol Bari Abd Karim. (2016). Malaysian Affordability Housing Policies Revisited. Retrieved from: https://www.researchgate.net/publication/305309415_Malaysian_Affordability_Housing_Policies_Revisited

Dzul Ashrai Abu Bakar, & Hamzah Jusoh. (2017). Kesejahteraan Komuniti Dalam Skop Perumahan Mampu Milik Mampan. *GEOGRAFIA OnlineTM Malaysian Journal of Society and Space 13 issue 2*, 97-114.

Hasmah Abu Zarin (1999). Factors Influencing Demand for Condominium In Johor Bahru, Malaysia. International Real Estate Society Conference '99. Retrieved from *http://eprints.utm.my/id/eprint/4696/*

Hashim, Z. A. (2010). House Price and Affordability in Housing in Malaysia. *Akademika 78 (Januari-April)*, 37-46.

Hassan, M. A., Hamdan, H., Abdullah, J., & Abdullah, Y. A. (2018). Housing And Transport Expenditure: An Assessment Of Location Housing Affordability. *Planning MalaysiA: Journal of the Malaysian Institute of Planners VOLUME 16 ISSUE 2*, 99 - 108 .

Kartinah Ayupp, Lee Noor Ling, & A Rabaah Tudin. (2013). An Analysis Of Luxury Product Purchasing Behavior Of Malaysian University Students. *An Journal Of Social Sciences & Humanities Vol. 2 No. 4*, 219-227.

Maslow AH (1943) A theory of human motivation, Psychological Review, 50, 370-396

M. Azren Hassan, Hazlina Hamdan, Jamalunlaili Abdullah, & Yusfida Ayu Abdullah. (2018). Housing And Transport Expenditure: An Assessment Of Location Housing Affordability. *Planning Malaysia: Journal of the Malaysian Institute of Planners VOLUME 16 ISSUE 2* , 99 - 108 .

Ng, S (2018). M'sia 1Q18 median house price is RM280k. Retrieved from The Edge Prop: https://www.edgeprop.my/content/1415249/msia-1q18-median-house-price-rm280k

Noor Yasmin Bt Zainun, Ismail Abdul Rahman, & Mahroo Eftekhari. (2010). Forecasting Low-Cost Housing Demand in Johor Bahru, Malaysia Using Artificial Neural Networks (ANN). *Journal of Mathematics Research Vol. 2*, 14-19.

Leh, O. L. H., Nurul Amanina Mansor, & Siti Nur Afiqah Mohamed Musthafa. (2016). The housing preference of young people in Malaysian urban areas: A case study Subang Jaya, Selangor. *GEOGRAFIA OnlineTM Malaysian Journal of Society and Space 12 issue 7*, 60 - 74.

Osman, M. M., Ramlee, M. A., Rabe, N. S., Abdullah, M. F., & Khalid, N. (2017). Housing Affordability In The State Of Johor . *Journal of the Malaysian Institute of Planners VOLUME 15 VOLUME 1*, 347 - 356.

Ridzuan, A.R., Ridzuan, A.R. and Ridzuan, M. (2018). Research Methods and Communication Research. *Malaysian Journal of Media and Society*. 1, 1-10.

Reena Kaur Bhatt (2018). How to buy a house in Malaysia in 12 steps. Retrieved from iProperty: https://www.iproperty.com.my/guides/how-to-buy-a-house-in-malaysia-in-12-steps/

Rowley, S. and Ong, R. (2012) *Housing affordability, housing stress and household wellbeing in Australia*, AHURI Final Report No. 192, Australian Housing and Urban Research Institute Limited, Melbourne, https://www.ahuri.edu.au/research/final-reports/192

Tan, T. H. (2010). Base Lending Rate And Housing Prices: Their Impacts On Residential Housing Activities In Malaysia. Retrieved from https://www.researchgate.net/publication/228469732_Base_Lending_Rate_And_Housing_Prices_Their_Impacts_On_Residential_Housing_Activities_In_Malaysia

Tan, T. H. (2009): Home owning motivation in Malaysia. Published in: Journal of Accounting, Business and Management , Vol. Vol. 1, No. 1, 93-112.

What's 'affordable' housing in Malaysia? (2017) Retrieved from The Edge Markets: http://www.theedgemarkets.com/article/whats-affordable-housing-malaysia

Williams, J. M. (2016). Evaluating the Diverse Impacts of Megaprojects: The Case of Forest City in Johor, Malaysia. Retrieved from https://dspace.mit.edu/handle/1721.1/105036

Zarina Zakariah. (2016, August). *More Malaysians owning luxury cars, Mercedes leads the pack.* Retrieved from New Straits Times.