

UNIVERSITI TEKNOLOGI MARA
FACULTY ADMINISTRATIVE SCIENE & POLICY
STUDIES



THE CAPABILITY OF MALAYSIAN IN BUYING A
HOUSE OF TODAY

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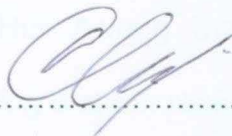
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THE DECLARATION

Declaration

We hereby declare that the work contained in this research report is original and our own except those duly identified and recognized. If we are later found to have committed plagiarism or acts of academic dishonesty, action can be taken in accordance with UiTM's rules and academic regulations.

Signed



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Clearance For Submission Of The Research Report By The Supervisor

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CHAPTER 1

INTRODUCTION

1.1 Background of study

Generally, all creatures in this world either human or animal need of shelter as a place of refuge from inclement weather, natural disasters and dangerous conditions. House, home and shelter is a basic need of human to be living in normal life. Without home or shelter anybody could not ever able to live in quality condition. The United Nation (UN) organization has underlined that the right to adequate housing should not be interpreted narrowly. Rather, it should be seen as the right to live somewhere in security, peace and dignity United Nation (1991).

Over the last decades, housing markets have going to the price hiking to maximum in the market. But, the economic level especially individual incomes not increase as fast as housing price does. This results to the middle income and more to low income group especially young starters. Income level for new worker now still at the low rate. Referring to Malaysia Statistical Department (2014), minimum wage for west Malaysia (peninsular) is RM900 and RM800 in East Malaysia (Sabah and Sarawak). Housing price is spiking very high especially in urban and suburban areas. In this research, we concern about the plight Malaysian is that whether today will be able to buy a house.

Housing prices of today is belief really affected most of Malaysian because of their economic level. Capability to own a house has been argued by many researcher, experts and journal authors stated that this issue has been influencing by the prices, household incomes and the structure of financing cost but the question is what was government roles to overcome the issue and how far policy or action have been planned going.

The rising house prices in Malaysia, owning a house seems more like an impossible dream especially young generations. A good salary will grant a capability to buy a house. This is because loans are not easy to be approved by banks today. Generally, when monthly instalment exceeds to 60% of the borrower's monthly income, banks would not approve a loan and this is assuming the scenario where the individual is able to fork out RM 25 000 up front and possesses a good credit history.

Even though, Government has implement first house scheme program, which first house buyer exempted to pay deposits of the house, but if the monthly income still low, it will not be approved. Government also implement low cost house program such as 1PRIMA and PPRT, but from the audit (2014), only 50 thousand units PPRT was built up while Malaysian population in at most 28 billion which 13 billons are young generation.

According to report released by Malaysian Valuation and Property Services Department, Property Market Report (2014), the "average house" price for All House in Malaysia continued to increase to RM283, 328, up from RM265, 737 in 2013. The average houses price In Malaysia increasing annually around 10% recorded over last 5 years compared to years before.