



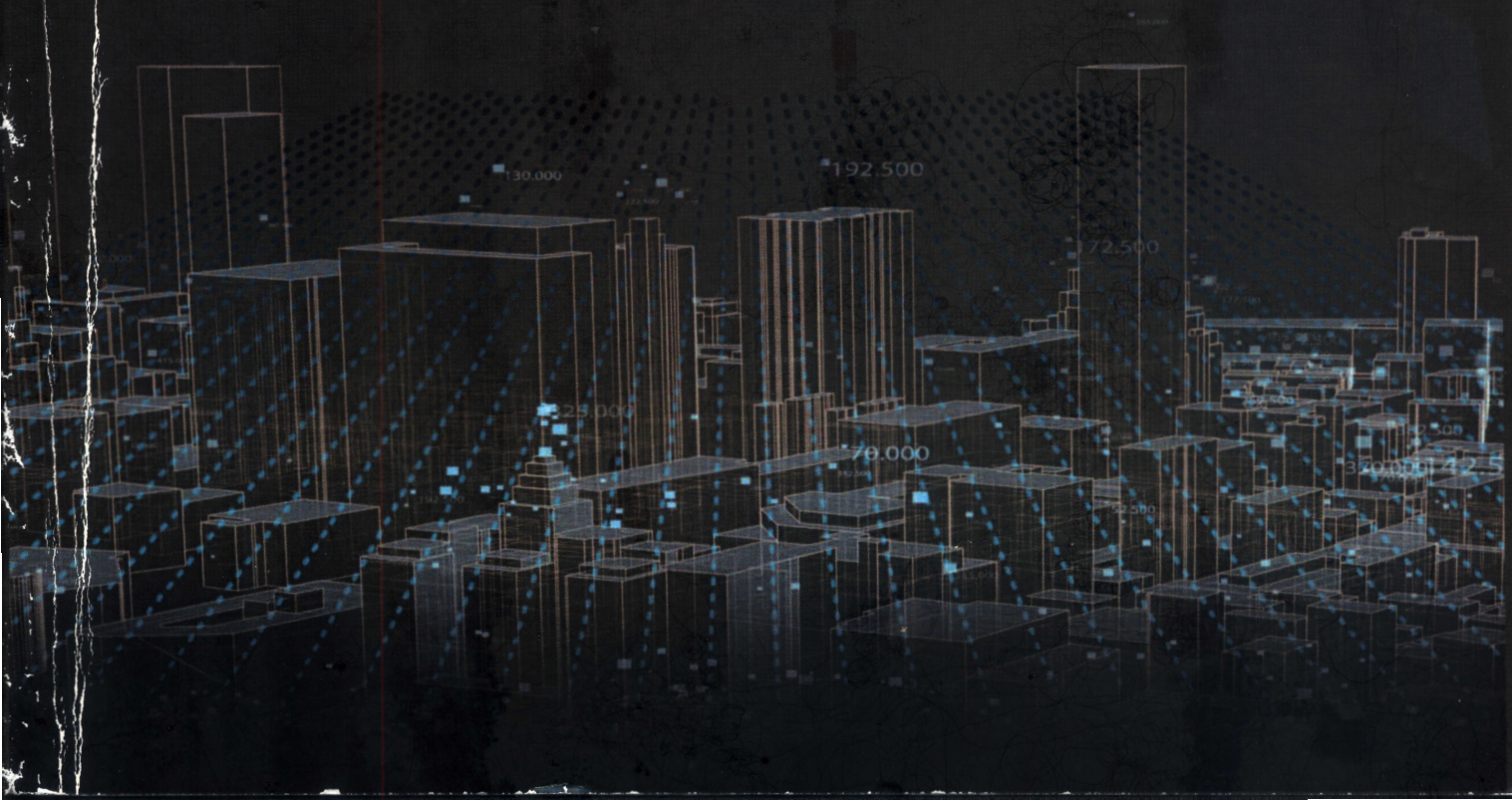
I-KPKT
INSTITUT LATIHAN PERUMAHAN
DAN KERAJAAN TEMPATAN



UNIVERSITI
TEKNOLOGI
MARA

Cawangan Perak

PROCEEDING
PROPERTY TALK 2021
INDUSTRIAL REVOLUTION 4.0 IN MALAYSIAN PROPERTY



PROPERTY TALK 2021: INDUSTRIAL REVOLUTION 4.0 IN MALAYSIA PROPERTY

HOUSING AND LOCAL GOVERNMENT TRAINING INSTITUTE
UNIVERSITI TEKNOLOGI MARA, PERAK BRANCH

November 2021

Editors

*Dr Junainah Binti Mohamad
Assoc Prof Sr Dr Thuraiya Mohd
Dr Suwaibatul Islamiah Abdullah Sani*

Panel of Reviewers I-KPKT

*LAr. Nor Azah Abdul Aziz
Ketua Pusat Pengajian Pengurusan Landskap I-KPKT
I-KPKT Berjaya Hills Pahang DM*

*Dr.Mohd Rizal Bin Osman
Chief Operating Officer & Head of Urban Innovations & Strategic Business
URBANICE MALAYSIA, KPKT*

*Adi Iskandar Zulkarnain Bin Noordin
Ketua Pusat Pengajian Perancangan Bandar I-KPKT
I-KPKT Berjaya Hills Pahang DM*

*Nor Mazlan Mohd Yunus
Ketua Penolong Pengarah Kanan
Bahagian Perundangan dan Kawal Selia Perancangan
PLANMalaysia*

*Dr Khairul Nizam bin Othman
Timbalan Setiausaha Bahagian
Bahagian Pembangunan Strategik
Kementerian Wilayah Persekutuan*

Panel of Reviewers UiTM

*Sr Dr Nor Nazihah bt Chuweni
Pensyarah Kanan
UiTM Perak*

*Dr Suryani bt Ahmad
Pensyarah Kanan
Pusat Pengajian Pembinaan
UiTM Perak*

*Dr Hairul Nizam Bin Mansor
Pensyarah Kanan
UiTM Perak*

*Dr Nurul Sahida bt Fauzi
Pensyarah Kanan
UiTM Perak*

*Dr Junainah bt Mohamad
Pensyarah Kanan
UiTM Perak*

Graphic Designer

*Farah Hanna Ahmad Fuad
Mohamad Shahin Bin Shahdan*

Organiser:
Housing and Local Government Training Institute
Ministry of Housing and Local Government
Malaysia

Co-Organiser:
Program of Estate Management
Department of Built Environment Studies and Technology
Faculty of Architecture, Planning and Surveying
Universiti Teknologi MARA, Perak Branch, Seri Iskandar.
Malaysia

ISBN 978-967-25697-7-0



Copyright © Housing and Local Government Training Institute, Ministry of Housing and Local Government Malaysia and Program of Estate Management, Department of Built Environment Studies and Technology, Faculty of Architecture, Planning and Surveying. All rights reserved. No part of this publication may be produced, stored in a retrieval system, or transmitted in any form or by means electronics, mechanical, photocopying, recording or otherwise, without prior permission in writing from the publisher

THE SIGNIFICANT FACTORS THAT INFLUENCE TENANTS' PERCEPTIONS IN RENTING A HOUSE

Siti Khalijah binti Ag Anuar¹ and Sr Dr Maszuwita Abdul Waha²

^{1,2} Department of Estate Management Study, Faculty of Architecture, Planning and Surveying
UITM SHAH ALAM, MALAYSIA

Abstract

Tenant means a person who occupies land or property rented from a landlord, however tenants' perceptions in renting a house has drifted into oblivion. People will confuse in renting or buying a house if did not understand differentiate between renting and buying. So, this issue should be research to completely comprehend the significant factors that influence the tenants' perceptions in renting a house. The most important factors that influence tenants' perceptions in renting a house is home ownership become inaccessible for today's generation. This is because majority tenants are working adults and needed face to the insurmountable employability and changing social issues affecting its investment. All the data in this research was acquired from the results of demographic analysis and 100 sets of questionnaires within quantitative standards which conducted online through the Google Forms. The finding has been concluded after gather all the data, which is to identify the important factors in house renting and its chronological ranks to get the insight to rent versus ownership decision-making from all walks of life but also of the current market needs. This study will let the developer and researchers can provide appropriate pricing and amenities, reduce vacant properties and also realistic solutions such as the Rent to Own scheme, ultimately benefitting the clientele and property industry in the long run.

Keywords: Tenant Perception, Tenancy Management, Decision Making

1.0 INTRODUCTION

Renting known as hiring or leasing is an arrangement in which payments are made for temporary use, service, or property owned by another person. However, the gross contract is when the tenant pays the sum of the flat rent and the owner pays all the property costs that the landlord also charges. An example of a rental is the rental of a home. Renting may be an example of a shared economy.

One of the most challenging decisions faced by the resident who lived in Urban Area is deciding whether to rent or buy housing. According to the Real Estate and Housing Developers' Association Malaysia (REHDA), 65% out of 12,522 units of affordable homes were launched throughout the first half-year in 2018, which is 52% higher than in the second half of 2017.

For people aroused in Urban Area, renting has become one of the most preferred options for an increasing number of households. The most common issue arise in Malaysia's housing problem is the accessibility of the lower income group as there's a lesser supply of affordable housing for low-income residents among locals (Besar, Fauzi, & Ghazali, 2012). Housing decisions do not just rely on finances but depend on many lifestyle considerations that are likely to favour buying over owning even when financial analysis favours renting. Having a property-owning democracy may help to ensure political stability from the national perspective. However, many factors that influence potential homebuyer decision to rent a house in Urban Area.

This research will give information that people need to decide to buy or rent a house. It aims to identify the important factors that people rent a house and ranking the factors. The research also aims to assist decision-makers such as real estate developers and authorities in making decisions in the real estate field

2.0 LITERATURE REVIEW

2.1 Important Factors for Renting a House

2.1.1 Renters Can Have a Bigger Net Worth Than Homeowner

It is an ideal way to build a person's net worth by buying a property. In 2008, some homeowners also make a loss, as in the case of millions of homeowners who lost their home. Surveys conducted from the Macarthur Foundation shows that 61% of respondents believe renters can be just like homeowners pursuing the American Dream, with or without their own home. Homeownership is not the only path to wealth, but it shows that tenants need to be consistent in investing money to help them grow their net worth. (Hart Research Associates, 2013)

2.1.2 No Real Estate Taxes

Owning a home should bring much extra expenses to the homeowner. This is because there are several types of property taxes that homeowners are obligated to pay. It will provide benefits to homeowners as they do not have to pay Real Estate Tax. Property taxes can be a huge burden for homeowners and can vary by county and cost thousands of dollars a year.

2.1.3 No Down payment

Buying your own home is not cheap even if one passes for a bank loan. In Malaysia, one still needs 10% of their savings to pay for the down payment. For example, if one wants to buy a house worth RM300,000, one needs at least RM30,000 in savings. This is because the bank only lends 90% of the house price. (Pepitih, 2018) This is different from people who only rent a house, as tenants are usually charged only with a home deposit, security costs and monthly rent payments. Half of the tenants stated that their biggest obstacle to buy a house is not paying the house's down payment. (Mae, 2014)

2.1.4 Flexibility

When a person does not want to live anywhere because of their temporary job status, renting a home is a choice. As a resident, one may be versatile on where they reside from year to year or from month to month, with short-term leases and no mortgage to pay for homeowners; tenants can at any time go and rent elsewhere. In a survey conducted by Freddie Mac Company, 68% of renters agree that renting gives them flexibility where they can live. (Mac, 2019)

2.1.5 Low Maintenance Cost

Renting can also help reducing the cost of utilities that need to be borne. The homeowner should be responsible for his own home even though the house has been rented out. Most homeowners spend about 1% -2% of the value of house purchased annually for the cost of maintaining their house. For example, if the house costs RM300,000, the homeowner will have to pay at least RM3000 a year for maintenance costs. While most maintenance problems are relatively simple, they can be more than just a homeowner's ability. (Pant, 2020)

2.1.6 Access to Amenities

The advantage of renting from buying a home is that they can make residential choices that will give them more amenities around the home. Homeowners have to spend higher to buy a house with amenities in the surrounding area, but it is different with the tenants because they do not need to spend much money to stay in the house with facilities nearby. For example, a tenant does not have to pay a monthly maintenance fee to a particular party to use its amenities. For example, a swimming pool or fitness centre. (Eberlin, 2019)

2.1.7 Living in High-Cost Area

Renting is an option when living in areas where the cost of living is high. For example, in urban areas the price of real estate is rising due to the population density and the availability of many facilities. In addition, those who rent may also think that they will move in or out of urban areas in the future. In contrast to a study conducted by Anna Maria Andriotis that showed a different number in 2014. According to Trulia's study, cities like Sacramento, Phoenix, San Bernardino, Riverside and Austin are among the cities where it is cheaper to buy a home. But a few months earlier it was cheaper to rent according to the study of Anna Maria Andriotis. (Andriotis, 2014).

2.1.8 Protection from House Price Declined

There are factors may cause the home to decline. For example, if there are crimes in the area, the neighborhood is not good and economic factors. According to James Larsen, a registered sex offender who lived nearby had caused the decline in house values as much as 17%. (Linden & Rockoff, 2008) Robert A. Simon also states that the house will be decreased by 25% if there are structures such as abandoned factories, hazardous waste sites and landfills in residential areas. (Simons, 2006)

2.1.9 To Relocate Dream Job

It is common knowledge that the advantage of renting a home is that it allows the person to be flexible in moving from one place to another. This makes it becomes easier for tenants to pursue their dream job. Some experts say that homeownership is a barrier to the labour market because homeowners do not have the flexibility to move to pursue better economic opportunities. Countries with an increase in homeownership typically see an increase in the unemployment rate in the last 5 years, because homeowners cannot relocate. (Blanchflower & Oswald, 2013)

2.1.10 Most Rentals Are Close to Urban Area

When one is young and looking for new experiences, big cities are always a concern and a choice. This is because large cities often offer more attractive opportunities than suburban areas. It may also be due to the way of life of young people who prefer an exciting nightlife, a diverse environment, and enjoy various foods and meet interesting people. Unfortunately, large city amenities come with a price tag. When the average price of a house in Kuala Lumpur is RM3000000 to RM5000000, many people choose to rent rather than own a home in Kuala Lumpur. (Bernama, 2018)

2.1.11 Renters Do Not Have Homeowner Stress

Many homeowners face stress due to real estate taxes, depreciation, and expensive maintenance. Psychiatrists Thomas Holmes and Richard Rahe found The Holmes- Rahe Stress Scale is an inventory of stressful life events that can contribute to physical illness. The 43 life events that make up the list include homeownership events, such as taking on mortgages, major changes in lifestyle, housing changes, and taking a bank loan. As study from the Joint Center for Housing Studies found that about 52% of tenants in the survey believed that renting was better because they did not have to deal with the stress of owning a home. (John D. et al., 2013)

2.1.12 Renters Will Not Suffer from Buyer's Remorse

Finding a house for rent is very difficult, but finding a house to own is more painful. This is because they need to consider many things when looking for a house to own. A survey conducted by HSH Associates, a mortgage and consumer loan website, shows that 80% of new homeowners have at least one regret about their new home. Although most of them can ignore their new house's shortcomings, 37% of them reported that they often think about their regrets, and 22% think about it every day. (Geffner, 2014)

2.1.13 House Prices Too Expensive

One reason people prefer to rent a home is that they cannot afford to buy a home. This is due to rising living costs and overpriced housing prices. Buying a home is a critical issue as it is estimated that nearly 300 000 civil servants cannot afford to buy their own home and expect government-provided housing, due to lower rental rates than private rentals, many civil servants will continue to stay in these government houses until their retirement. (Hani, 2019) According to the people's ability factor based on the 'median multiple', home prices in Malaysia in 2016 were 4.8 times the annual household income than 3.9 times in 2012. It shows that the rate of the inability of people to buy their own home is increasing. (Abllah, 2019)

2.1.14 Renters Can Keep Looking for Their Dream Home

If someone is already married and has a child, owning a home is the right choice. But one only fully knows the house after living in the house. For example, many people are forced to renovate their houses or even sell them shortly after buying them, because it turns out the house is leaking or attacked by termites. By contracting or renting a house before buying it, renters can experience living there directly so renters can make far wiser decisions.

3.0 ANALYSIS

Among the 14 factors given, the highest mean value is 3.26, which is the factor of the house price is too expensive. A total of 48 people strongly agreed with this factor, and a total of 36 people agreed with this factor. This factor accounts for 84% of respondents agree while another 16% disagree with this factor. This is probably because the homes for sale are found to be very unaffordable in most major cities. The protection factor from house price declined has the lowest mean value of 2.5. A total of 54% of the respondents agreed with the factors presented, namely 12 people who strongly agreed and 42 who agreed. While the rest do not agree with the factors presented. This may be because some people rarely feel that buying a home is a regret. The data collected is presented in figure 1 and table 1.



Figure 1: Factors for Renting a House Analysis

4.0 WAY FORWARD

In general, when the researcher can identify all the factors that cause tenants to prefer to rent a house in the Klang Valley area, the researcher can formulate the aspect of house price and access to amenities is the highest factor that causes people to choose to rent a house. However, the researcher's other factors in the questionnaire also influence the tenants of the house in the specified area. Therefore, this study's results can help decision-makers whether to rent or buy a house in the Klang Valley area. This questionnaire also shows that not everyone who works either in the government or private sector feels that renting a house is an offence and even shows the most important factors why they choose to rent. Apart from that, this questionnaire's results can help property developers to think a new method such as Rent to Own Scheme in developing property in the Klang Valley, which can reduce unsold houses.

5.0 CONCLUSION

This study is useful for property developers in future property planning, and the findings of this study also provide additional information to property decision-makers in determining homeownership. This study's results are also crucial to the government is considering the factors that contribute to increase house rental activities. Therefore, the study needs to be further expanding to another stage in future research.



Figure 1: Factors for Renting a House Analysis

4.0 WAY FORWARD

In general, when the researcher can identify all the factors that cause tenants to prefer to rent a house in the Klang Valley area, the researcher can formulate the aspect of house price and access to amenities is the highest factor that causes people to choose to rent a house. However, the researcher's other factors in the questionnaire also influence the tenants of the house in the specified area. Therefore, this study's results can help decision-makers whether to rent or buy a house in the Klang Valley area. This questionnaire also shows that not everyone who works either in the government or private sector feels that renting a house is an offence and even shows the most important factors why they choose to rent. Apart from that, this questionnaire's results can help property developers to think a new method such as Rent to Own Scheme in developing property in the Klang Valley, which can reduce unsold houses.

5.0 CONCLUSION

This study is useful for property developers in future property planning, and the findings of this study also provide additional information to property decision-makers in determining homeownership. This study's results are also crucial to the government is considering the factors that contribute to increase house rental activities. Therefore, the study needs to be further expanding to another stage in future research.

REFERENCES

- Andriotis, A. (2014). The New Math of Renting vs. Buying. *The Wall Street Journal*. Avid.
- (2020). Beli Atau Sewa Rumah? Ini Apa Yang Perlu Anda Tahu. Retrieved from <https://rencah.com/beli-atau-sewa-rumah-ini-apa-yang-perlu-anda-tahu/>
- Bernama. (2018). Rumah Berharga RM300,000 Dan Ke Atas Bukan Mampu Milik *Astro Awani* Retrieved from <http://www.astroawani.com/gaya-hidup/rumah-berharga-rm300-000-dan-ke-atas-bukan-mampu-milik-bnm-174551>
- Besar, J. A., Fauzi, R., & Ghazali, A. S. (2012). Penilaian awal impak pertaksanaan Dasar Perumahan Negara terhadap sektor perumahan di Kuala Lumpur. *Geografia: Malaysian Journal of Society and Space*, 8(6), 90-108.
- Blanchflower, D. G., & Oswald, A. J. (2013). *Does high home-ownership impair the labor market?* (0898-2937). Retrieved from <https://www.nber.org/papers/w19079>
- Eberlin, E (2019). Amenities Tenants Look for in a Property. Retrieved from <https://www.thebalancesmb.com/best-property-amenities-2125194>
- Fishman, T., & Kerson, K. (2000). To buy or not to buy. *Esquire*, 134(2), 36.
- Fraenkel, J. R., Wallen, N. E., & Hyun, H. H. (2011). *How to design and evaluate research in education*: New York: McGraw-Hill Humanities/Social Sciences/Languages.
- Geffner, M. (2014). Real Estate Regrets: 80 percent of Homebuyers Want a Do-Over. from HSH Associates <https://www.hsh.com/finance/real-estate/homebuyer-regrets.html>
- Hani, D. (2019). Penjawat Awam Tak Mampu Beli Rumah. Retrieved from <https://apakataorang.com/penjawat-awam-tak-mampu-beli-rumah/>
- Hartabumi.com. (2020). Ini Sebab Kenapa Harga Rumah Di Malaysia Mahal. Retrieved from <https://hartabumi.com/ini-sebab-kenapa-harga-rumah-di-malaysia-mahal/>
- Hart Research Associates. (2013). How Housing Matters: Americans' Attitudes Transformed by the Housing Crisis and Changing Lifestyles. In: MacArthur Foundation Washington, DC.
- Kaur, S. (2018, October 11). Big Number of Affordable Homes Unsold. *New Straits Times*. Retrieved from <https://www.nst.com.my/news/nation/2018/10/419988/big-number-affordable-homes-unsold>
- Knight, J. R., & Eakin, C. F. (1998). A new look at the home ownership decision. *Real Estate Issues*, 23, 20-29.
- Linden, L., & Rockoff, J. E. (2008). Estimates of the impact of crime risk on property values from Megan's laws. *American Economic Review*, 98(3), 1103-1127.
- Mac, F. (2019). Rent vs. Buy. Retrieved from <https://myhome.freddiemac.com/rent/rent-vs-buy.html>
- Mae, F. (2014). What Younger Renters Want and the Financial Constraints They See. *National Housing Survey*.
- NYU Furman Center. (2016). Capital One National Affordable Rental Housing Landscape from Furman Center for Real Estate and Urban Policy <https://furmancenter.org/nationalrentallandscape>
- Olick, D. (2018). It's Better to Rent Than to Buy In Today's Housing Market. *Real Estate*. Retrieved from <https://www.cnn.com/2018/09/05/its-better-to-rent-than-to-buy-in-todays-housing-market.html>
- Pant, P. (2020). How Much You Should Budget for Home Maintenance. Retrieved from <https://www.thebalance.com/home-maintenance-budget-453820>
- Pepitih (Producer). (2018, December 31, 2018). Berapa Harga Sebenar Sebuah Rumah? Kos-kos Yang Anda Bakal Hadapi Sebagai Pembeli Rumah Pertama. Retrieved from <https://www.pepitih.com/hartanah/berapa-harga-sebenar-sebuah-rumah-kos-kos-yang-anda-bakal-hadapi-sebagai-pembeli-rumah-pertama/>
- Ratcliff, R. U. (1949). *Urban land economics*: McGraw-Hill Book Company, Inc, New York.
- Romeli, R. H. (2019). 5 kawasan rumah sewa yang paling kerap dicari di Lembah Klang. Retrieved from <https://www.iproperty.com.my/guides/5-kawasan-rumah-sewa-yang-paling-dicari-di-lembah-klang-ms/>
- Simons, R. A. (2006). *When bad things happen to good property*: Environmental Law Institute.

Wulff, M. (2001). Out with the Old and in with the New?: Housing's Role in the New Social Settlement.

Growth(49), 57.

Yusoff, A. (2018). Ketahui Kenapa Tiada Perumahan Setinggalan atau Rumah Terbiar di Singapura. Retrieved from <https://www.iproperty.com.my/lifestyle/bagaimana-singapura-bina-sejuta-unit-rumah-untuk-rakyatnya-malayoc/>

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

Tarikh : 20 Januari 2023

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”

Saya yang menjalankan amanah,

SITI BASRIYAH SHAIK BAHARUDIN
Timbalan Ketua Pustakawan

nar

Setuju.

27.1.2023

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