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**INVESTIGATING THE AFFORDABILITY OF HOUSING OWNERSHIP
AMONG MILLENNIALS IN PENANG**

**Academic Project Submitted in Partial Fulfilment of the Requirements
for the award of the Degree
Bachelor in Estate Management (Hons)**

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SEMESTER MARCH 2023 – AUGUST 2023**

ABSTRACT

Homeownership is recognized as a fundamental human need, but it remains a significant challenge in many developing countries, including Malaysia. This study addresses the persistent concern of affordable housing in Malaysia, specifically focusing on the challenges faced by Millennials in Penang. Rising house prices and low incomes hinder their ability to purchase homes, highlighting the need for targeted research and guidance. The lack of specific discussions on housing affordability in Penang for Millennials and the impact of demographic factors further emphasize the significance of this study. The aim of this research is to identify factors that influencing housing affordability among Millennials that benefit prospective buyers, developers, policy makers, and local authorities and rank the significant factors in influencing Millennials homeownership affordability. The study's scope encompasses Penang as a severely unaffordable housing market, targeting Millennials aged 20-40 years old. Questionnaire survey has been used to collect the data from the respondents. The total respondents that response to the survey are 400 respondents. However, the researcher had sort out the inappropriate respondents and only 384 valid samples are collected from the total of 400 samples distributed. The data collection employed a quantitative survey method, and the analysis utilized descriptive analysis of frequency analysis, mean analysis, and the Relative Important Index (RII). The study identified several key factors influencing housing affordability among Millennials. The income factor emerged as the most influential, followed closely by the physical factor. Participants overwhelmingly agreed that income significantly affects home ownership. Additionally, the price and financial factors were found to have a considerable impact. Previous studies also highlight the importance of location, size, and house prices in determining housing affordability. Furthermore, employment was found to have a strong influence on the affordability of conventional home loans. On the other hand, the demographic factor received the lowest ranking in terms of influence. Overall, this research sheds light on the factors that influencing the affordability of homeownership among Millennials in Penang and emphasizes the need for further comparative studies.

Keywords: *Factors, Homeownership, Housing Affordability, Millennials.*

ACKNOWLEDGEMENT

Praise be to Allah for the opportunity, good health, and sufficient time provided. Special thanks are extended to Dr. Nurul Sahida Binti Fauzi, the supervisor, for her valuable guidance and consistent support. I express my heartfelt appreciation to my beloved parents and friends, whose contributions have greatly improved the project. I am grateful to the Real Estate Management Program and the Department of Built Environment for giving me the chance for providing me with the necessary resources, facilities, and opportunities to carry out this project. The academic environment and access to the university's library and research databases have been invaluable in conducting the necessary literature review and data analysis.

I am grateful to the participants who generously contributed their time and knowledge for the surveys conducted during this project. Their valuable insights and experiences have greatly enriched the findings of this research. My sincere appreciation goes to my family and friends for their unwavering support, understanding, and encouragement throughout this journey. Their words of encouragement and belief in my abilities have been a constant source of motivation.

Lastly, I would like to acknowledge all the researchers and scholars whose work and publications have been referenced in this project. Their contributions have laid the foundation for this research and have been pivotal in shaping its direction and analysis. Once again, I extend my deepest gratitude to all those mentioned above and anyone else who has contributed to the successful completion of this final year project. Thank you for being part of this remarkable journey and for the knowledge and experiences gained along the way.

TABLE OF CONTENT

CHAPTER	ITEM	PAGES
	Title Page	i
	Student Declaration	ii
	Supervisor's Declaration	iii
	Acknowledgment	iv
	Abstract	v
	Table of Content	viii
	List of Table	x
	List of Figure	xi
	List of Abbreviation	xii
	List of Appendices	
CHAPTER 1 RESEARCH BACKGROUND		
1.1	Introduction	1
1.2	Problem Statement	1
	1.2.1 Low income received by young Millennials.	2
	1.2.2 Many discussions on the factors influencing the housing ability among the Millennials but none-specific to Penang.	3
	1.2.3 Lack of discussion from the view of Millennials.	4
1.3	Research Aim	5
1.4	Research Question	5
1.5	Research Objective	5
1.6	Significance of Study	6
1.7	Scope of Study	7
1.8	Research Methodology	8
1.9	Arrangement of Chapters	11
	1.9.1 Chapter 1: Introduction	11
	1.9.2 Chapter 2: Literature Review	11
	1.9.3 Chapter 3: Research Methodology	11
	1.9.4 Chapter 4: Data Analysis and Study Findings	12
	1.9.5 Chapter 5: Conclusion and Recommendation	12
1.10	Summary of Chapter	12
CHAPTER 2 LITERATURE REVIEW		
2.1	Introduction	13
2.2	Definitions	13
	2.2.1 Definitions of Homeownership	13

CHAPTER 1

RESEARCH BACKGROUND

1.1 Introduction

Homeownership is a recognized essential need, yet it remains a significant challenge in developing countries like Malaysia, as Ernawati et al. (2020) highlighted. The issue of affordable housing is particularly persistent in Malaysia, especially for individuals with low to medium incomes, as discussed by Mustafa Kamal et al. (2020). With limited experience, young individuals, including recent graduates and new employees, often earn average monthly incomes of less than RM3000, further exacerbating the affordability issue. The stagnant incomes unable to keep up with market prices, coupled with the dramatic increase in housing prices, contribute to the affordability difficulties experienced by these groups. Penang, ranked third in Malaysia with the highest property prices, faces similar challenges, as reported by the Sharen (2022). Therefore, conducting this study in Penang is crucial to gain insights into the actual purchasing ability of Millennials and provide timely guidance and recommendations to support their journey towards homeownership.

1.2 Problem Statement

Penang, a state in Malaysia known for its expensive housing market, lacks a specific focus on factors affecting housing affordability for Millennials, despite being ranked as the third most costly state for property prices (Szu, 2016). Low income among young Millennials is a critical issue that hampers their ability to afford homes, as Michelle et al. (2008) emphasised the influence of property prices and income