



**COLLEGE OF BUILT ENVIRONMENT
UNIVERSITI TEKNOLOGI MARA**

**THE INFLUENCE OF FLOOD RISK ON REAL ESTATE MARKET IN
CHANGLUN, KEDAH
CASE STUDY: CHANGLUN, KEDAH**

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

**RAWAIDA BINTI ROSLI
2021847156
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ABSTRACT

In this academic project research, the flood disaster was the main issue that need to face by the involved residents. This flood disaster that usually happened in Malaysia has made the residents worries on it that might bring effects to the real estate. Flood event will not just effect the resident's physical and mental, but the damage that occur after the event will effects the resident's real estate and the value of it. Thus, in this research, the influence of the flood risk on real estate market will be explained by achieving the objectives which are to identify the impacts of flood risk on real estate value and to investigate the resident's perceptions of the real estate inside floodplain. Based on the literature review, Malaysia will usually face with tis flood event when there is a Northern Monsoon in November until Mac for every year. There are data collected on literature review that the property value outside floodplain is slightly higher than property inside floodplain. Thus, this research has done a questionnaire survey and interview session to collect the data in order to identify whether the literature review is same with it or not. This research receive 180 of respondents by using questionnaire survey and two valuers in interview session and netnography method. The data collected during interview session found that there are slightly differences of real value located inside and outside of floodplain which is 20% to 30%. There are also showed that the residents are aware that they real estate is located inside or outside floodplain and willing to take the responsibility. This research will have a future impact on multiple parties to take responsibility in handling this problem and to do the plan in choosing the real estate that having flood risk.

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CHAPTER 1

BACKGROUND OF STUDY

1.1 Introduction

The location of the real estate is one of the important things that should be considered by every tenants. In order to choose the right location for the property, they also need to think about the climate change that happened in Malaysia. As we already know, Malaysia is the country located on the equator that have high temperature, high humidity and heavy rainfall. This country will facing the monsoon season twice in a year. There are two main monsoon seasons which are known as Southwest Monsoon and Northeast Monsoon. Southwest Monsoon will happened in the end of Mei until September meanwhile Northeast Monsoon will happened in November until Mac (Asnor, 2020). Normally, the Northeast Monsoon is the season that will lead to flooding problem every year.

This problem will give an impact to the real estate market. In previous study, the effect of flood problem can make the real estate value reduced just over 12% (Donnelly, 1989). Moreover, there are also a study found that although the house with insurance on it and the capitalized insurance premium value approximately 4% of the house's selling price, the property value that located at floodplain still were discounted by 6.6% (Dei-Tutu, 2002). Therefore, this research is undertakes to investigate about the impact of the flood problem to the real estate market and help people in considering about the ownership of the real estate at floodplain.