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(USBET) 2023**

**SUSTAINABLE BUILT  
ENVIRONMENT**

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# e-Proceeding

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## A STUDY ON THE FACTOR CONTRIBUTING TO LOW TENANCY OCCUPANCY RATE IN SHOPPING COMPLEXES IN PERAK

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### ABSTRACT

*This article examines the main factor on tenancy occupancy rate of the shopping complex in Perak, Malaysia. Primary data collection was used to obtain data in this quantitative study. To understand low tenancy occupancy rate, many case studies were carefully chosen. In particular, the shopping complexes in District Perak Tengah, were chosen as examples. Questionnaires data was analysed using SPSS software to ensure rigour. The study identified and highlighted the factor and solution on low tenancy occupancy rate in shopping complexes by evaluating the data. This study sheds light on why shopping complexes may have low tenancy occupancy rates. These findings help governments, facility management, and occupants solve Malaysia's low tenancy occupancy rate of shopping complex issues. Quantitative surveys and various case studies are included in this expanded abstract. It stresses SPSS software's thorough analysis and the study findings' contribution to occupancy rate in shopping complex knowledge and comprehension.*

**Keywords:** *occupancy rate, shopping complex, space management*

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## **INTRODUCTION**

The practice of maximising a building's layout to meet a business's needs is called space planning. Ideally, this is carried out as part of the company's business plan and facility management plan and facility management plan. The procedure is straightforward conceptually. At any point during the life of the plan, several indications can be used to determine whether the space planning solution was successful or a failure. More flexibility in space planning is virtually always required due to contemporary economic and social factors. As a result, non-physical solutions, often known as space management, are being adopted more frequently to offer flexibility. Indicators like those are efficiency of these management systems (Alison Muir, 2003).

When looking into space management or utilization, this may also come across the 'space occupancy'. This refers to the maximum capacity of a specified area and the number of individuals physically present with it. In addition, to controlling the organization's budget and resource allocation, measuring space usage is crucial for occupant safety and comfort (Tom Bell, 2020). Other than that, occupancy rate also plays an important role, especially for large buildings that have rental units.

In Malaysia, the number of commercial building is rising with time, especially office buildings and shopping complexes. Despite the fact that there are currently a lot of buildings, construction is still going on. Chief Executive Chan Hoi Choy noted that the reason there are so many shopping complexes is because they are more resistant to economic changes and often provide steady growth, even when other property types like offices and hotels may struggle (Sharina Ahmad, 2018). In addition, the majority of the existing malls were attractive and pleasant to look at. However, the interior space was not utilised effectively, which ultimately could have an impact on the building's occupancy rate.

## **LITERATURE REVIEW**

Facilities management is closely related to the organization's main core operations and is only useful during the maintenance period. Indeed, it is stated that the scope of facilities management is very broad and can be critical to the organization's goal, vision, and mission (Alexander, 1996). Real Estate Firms are currently engaged in the practice of Facility Management in Malaysia. This is because property consultants manage high-rise buildings such as office towers and residential buildings. Typically, property management companies will offer services such as property and building management, as well as simple operations and maintenance of the building.

The growing awareness of the importance of a proper maintenance management system is the primary factor driving the development of FM in Malaysia. Various organisations' business management has begun to promote the importance of facilities management as part of the business organisation. However, these professions are not specifically designed to cover the necessary FM skills and knowledge (Mohd.Nur & Musa, 2017) .

Space management is a critical part of facilities management, and it is basically fundamental to effectively controlling space without wasting space. This is to avoid having an indirect negative impact on the organization's cost. Space management is the proactive management of research and best practice initiatives to support strategic planning goals and meet legal requirements (Ibrahim et al., 2011). Simply put, space management is the administration of a building's physical space inventory. In other words, it is about ensuring that the space is used efficiently as possible.

### **Occupancy Rate**

Measuring space utilisation is critical not only for managing an organization's budget and resource allocation but also for providing occupants with safety and reassurance. When researching space utilisation, this may come across the term 'space occupancy'. The occupancy rate is the ratio of rented or used space to total available space in a building, tower, state, or city. Analysts discuss occupancy rates in a variety of contexts, including senior housing, hospitals, bed-and-breakfasts, hotels, and rental units (Chen, 2020). The occupancy rate is proportional to the vacancy rate. The vacancy rate is calculated by dividing the number of vacant units by the total available space (Srivastav, 2020). It can be divided into two categories: physical and economic. A high occupancy rate usually indicates that the real estate properties are being used to maximise rental income.

### **Users Requirement**

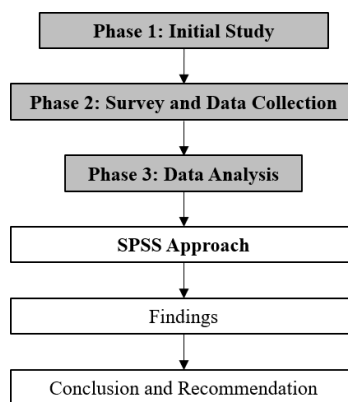
Customers may be drawn to one or more of the architectural features that attract tastes and preferences to shop in a specific mall. In the case of expanding shopping malls and centres, it is necessary to consider the architectural factors that attract customers to shop in a mall when constructing a new shopping centre (Said et al., 2016). The main attraction of a shopping mall is that it offers consumers an experience that goes beyond traditional shopping and online shopping. Furthermore, with more people living in smaller spaces due to urbanisation, there is a greater need for public spaces where they can relax and socialise (Teh, 2021). As a result, unlike regular commercial areas, the mall attracts more people and caters to more social activities in a comfortable setting and many more.

## Tenant Challenges On Rental Rate

Space allocation within a shopping mall refers to how retail spaces are distributed to different types of shops in order to maximise the shopping centre's sales and profits. The optimal size of a retail store is determined by balancing operating and floor space requirements. This model, however, does not account for rent and shopper flow, which are critical factors in shopping mall space allocation. Both anchor and non-anchor demand externalities exist. Hence, mall owners can maximise their profits by allocating space to different types of tenants (Yiu et al., 2008). However, there have been very few studies on the tenant placement issue in terms of mall space allocation.

Previous research has also looked into how the mix of merchants affects rent levels. Understanding the factors that influence shopping centre rents is critical for real estate professionals involved in market analysis and site selection for such properties. One of the most important factors in determining rents is a shopping centre's ability to attract customers and generate sales. Rents are expected to be highest in areas with a high population density, a high potential for growth, and a high income. The metropolitan area in our sample was divided into four regions after consultation with local leasing agents and developers (Sirmans & Guidry, 1993). Furthermore, successful shopping centre sites are typically located on major thoroughfares and streets. As a result, traffic counts may be an important factor in determining rental rates. Shopping centres in high-traffic areas are likely to have high rental rates. Vacant space, time trend variables, population, and per capita income are used to approximate market conditions (Sirmans & Guidry, 1993). The deterioration of economic conditions in this area is expected to have a negative impact on rents charged to tenants.

## METHODOLOGY



**Figure 1: Research Chart**



The quantitative data collection method was used in the first phase. The first phase is the initial study about the basics and fundamental of tenancy occupancy rate. The basic concept of these fundamental knowledge is obtained and understood in the study. Literature review is done for better understanding. Phase two of the study includes surveying and collecting data of the questionnaire from occupants for each of the buildings. There are (3) section in this open-ended question consist of section A, section B and section C. For section A, the question is about the background of the respondents. Section B is intent to investigate occupants' level of knowledge. Section C is an investigation about the factors that contributing to low tenancy occupancy rate of shopping complex in Perak based on user's satisfaction and requirement. The objectives of the study are to determine the factors of low tenancy occupancy in shopping complex. Quantitative research is a research method focusing on obtaining data through the utilization SPSS, researchers can harness its formidable capabilities to expedite and enrich their data analysis process.

### The Ethics and Practices

Three case studies were chosen for collecting data. Respondents were categorized based on their data. the number of respondents in the sampling group will be around 30 people on each case study which makes a total of 90 people overall.

### Case Study

The background of the case studies is summarised in table below.

CASE STUDY	D MALL	ECONSAVE	AEON
LOCATION	Seri Iskandar, Perak	Seri Iskandar, Perak	Ipoh, Perak

### BACKGROUND OF THE RESPONDENT

Item	Questions	Case Study A	Case Study B	Case Study C
Frequency				
A1	Gender			
	Male	19	18	11
	Female	11	12	19
A2	Age < 18 Years Old	N/A	N/A	N/A

	<b>19 – 25 Years Old</b>	17	14	10
	<b>26 – 35 Years Old</b>	10	5	6
	<b>36 – 45 Years Old</b>	3	7	6
	<b>46 – 55 Years Old</b>	N/A	2	3
	<b>&gt; 56 Years Old</b>	N/A	2	5
<b>A3</b>	<b>Types of Occupant</b>			
	<b>Visitor</b>	24	24	25
	<b>Staff / Worker</b>	6	6	5

## RESULT AND DISCUSSION

Mean Value	Range of Knowledge
1.0 – 1.5	Yes
1.6 – 2.0	No

Item	Question	Frequency		No. of Respondent	Mean
		Yes	No		
<b>B1</b>	Do you know what is tenancy occupancy rate?	29	61	90	1.68
<b>B2</b>	Do you know the difference between low tenancy occupancy rate and high tenancy occupancy rate?	26	64	90	1.71
<b>B3</b>	Do you know there are variety types of shopping complex in Malaysia?	83	7	90	1.08
<b>B4</b>	Do you think that practical implications for shopping complex design, and for space allocation as well as tenant placement strategies can maximise their profit?	84	6	90	1.07
<b>Average</b>					<b>1.39</b>

Overall, respondents demonstrated a low level of understanding when it came to the occupancy rate. The average respondent could identify variety of types of shopping complexes as well as their opinion on practical implications that may affect the profit.

Mean Value

1.00 – 1.80  
 1.81 – 2.60  
 2.61 – 3.40  
 3.41 – 4.20  
 4.21 – 5.00

Range of Satisfaction

Strongly Disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly Agree

Item	Questions	Case	Case	Case
		Study A	Study B	Study C
			Mean	
<b>C1</b>	Do you agree that the facilities provided are adequate for occupant to use?	3.80	3.23	2.87
<b>C2</b>	Do you agree the shopping complex are easily accessible and within the radius distance of residential area?	3.93	3.97	4.10
<b>C3</b>	Do you agree the environment in the mall help to attract user's attention? E.g. Visual (colour & brightness), aural (sound, music, volume), olfactory (sense of smell) and tactile) temperature and softness)	3.73	4.17	4.53
<b>C4</b>	Do you agree the store opening and closing hours are convenient for the visitors?	3.67	4.17	4.17
<b>C5</b>	Do you agree the shopping complex are easy to find parking space?	3.43	4.33	4.27
<b>C6</b>	Do you agree there are variety of store inside the shopping complex?	3.77	3.03	2.73
<b>C7</b>	Do you agree that everything needed are easily find inside the shopping complex?	3.80	3.27	3.03
<b>C8</b>	Do you agree that more vacant space inside the shopping complex prevent the visitors to come?	4.13	4.20	4.23
<b>C9</b>	Do you agree that the location of the shopping complex are most probably why visitors are uninterested to come?	3.90	4.17	4.03
<b>C10</b>	Do you agree that the rental price for each unit or space in shopping complex play a vital role in occupancy tenancy rate?	4.07	4.30	4.30
<b>C11</b>	Do you agree that space management in shopping complex is important in order to control the vacancies and lease expires?	4.20	4.23	4.07
	<b>Average</b>	<b>3.86</b>	<b>3.92</b>	<b>3.85</b>

As shown in the table, the majority of the respondents for Case study 2 and Case Study 3 were satisfied with the accessibility of the shopping complex, the environment in the mall, the closing hour as well as the parking space of the building. Meanwhile, for case study 1, the majority of the respondents were satisfied with the accessibility of the shopping complex, adequate facilities, variety of stores as well as things needed are easily found there. This shows that different scale of shopping complex shows different satisfaction from the user's perspective.

Moreover, the majority of the respondents for all case studies agreed that the possibility of the issues on occupancy rate is due to high vacant space inside the building and the location of the shopping complex itself which may prevent or make the visitors uninterested to come. The respondent also agreed that rental price and space management in a shopping complex play a vital role in tenancy occupancy rate inside a shopping complex. According to the survey for this section, overall the respondents agreed with the survey given based on the shopping complex they went to.

It is stated that in Chapter 2 One of the most important factors in determining rents is a shopping centre's ability to attract customers and generate sales. Rents are expected to be highest in areas with a high population density, a high potential for growth, and a high income (Sirmans & Guidry, 1993). Hence, although the majority of the respondents demonstrated a low level of understanding when it came to the occupancy rate, they still aware that rental price for space in shopping complexes plays a vital role in order to obtain a high tenancy occupancy rate in shopping complexes.

Item	Question	Frequency	No. of Respondent
1	Atmosphere and Environment	57	90
2	Architectural Style and The Building	47	90
3	Types of Entertainment Inside the Building	71	90
4	Have the Necessary Assortment and Facilities	63	90

Based on the data collected, the respondent seems to express their opinion on what may attract user's attraction which came up to one of the best solutions to overcome is increase more types of entertainment inside the shopping complex and the necessary assortment as well as the facilities.

Although these three case studies were different in their scale, this shows that no matter how big or small the scale of the shopping complex is, these two things are very important. In chapter 2 also stated that the user's preference for shopping malls is based on the fact that these shopping malls can solve the consumer's problems

with grocery, clothing, footwear, electronic and electrical items, gardening tools, linens, furniture entertainment, banks, salons, restaurants, and it can provide an opportunity for social interaction. Essentially, they will consider things to varying degrees depending on the type of services installed or provided, as well as the methods and means by which they deliver them (Said et al., 2016).

## **CONCLUSION**

The rental range or rental price does influence the tenancy occupancy rate in the shopping complex. Based on the overall research data, the respondents are mostly aware of their requirements and satisfaction with the shopping complex they went to. They definitely understand what they needed and what actually the reason of low tenancy occupancy rate in the shopping complex. Without this study, the researcher was unable to retrieve this such information regarding the occupancy rate. A similar study can also be conducted with different types of building such as, office building or strata residential building.

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**SITI BASRIYAH SHAIK BAHARUDIN**  
Timbalan Ketua Pustakawan

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*Setuju.*

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