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INFLUENCE FACTORS OF CUSTOMERS' DECISION IN PURCHASING LANDED RESIDENTIAL PROPERTY IN SEREMBAN

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ABSTRACT

Residential property has become increasingly sought after by individuals as it fulfils a fundamental human need and contributes to stability and improved quality of life. As such, property development serves as the cornerstone of the real estate industry. However, many individuals face challenges when selecting a property for themselves, underscoring the need to identify the key considerations involved in this decision-making process. Consequently, this research study examines the factors influencing customers' purchase decisions regarding landed residential properties in Seremban. The study seeks to identify and analyse the significant factors that impact customers' decision-making in Seremban, Negeri Sembilan. An online questionnaire was distributed to homebuyers and the data was analysed using Statistical Package for Social Science (SPSS) software and the Confirmatory Factor Analysis to determine the significant factors that influence the customer's purchase decision of property. The result identified location, financial, neighbourhood, quality, design, and sustainability factors influencing homebuyers' purchase decisions. This study's findings will benefit developers, homebuyers, and the government, as they can inform decisions related to property development and contribute to future feasibility studies.

Keywords: *Purchase Decision, Landed Residential Property, Confirmatory Factor Analysis*

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INTRODUCTION

The Malaysian real estate market has experienced significant growth in recent years, driven by urbanisation, population growth, and increasing affluence. Population growth, urbanisation, economic growth, government policies, and lifestyle amenities all contribute to the dynamism of the market. Understanding these factors is crucial for investors and stakeholders seeking opportunities in the Malaysian real estate market, as real estate is vital in providing individuals with housing, income opportunities, and investment avenues. However, the continuous rise in property demand and inflationary pressures has led to potential oversupply issues. The COVID-19 pandemic has further destabilised the economy, impacting property demand and supply. Developers' lack of financial and market feasibility studies has contributed to uncontrolled development and higher costs, resulting in a growing inventory of unsold properties (Rachmawati et al., 2019).

Comprehensive market studies considering site analysis, demand and supply dynamics, and financial feasibility are essential to address these challenges. Additionally, there is a preference for residential properties, especially landed houses, due to their benefits in terms of space, privacy, and cost savings on maintenance. Many individuals are willing to live in suburban areas, commuting to work instead of in expensive city centres (Ling et al., 2016). The market value of properties in city centres limits purchasing power, influencing customers' buying behaviour and satisfaction. Buyer preferences have shifted from urban to rural areas, with Seremban in Negeri Sembilan experiencing population growth as individuals seek a desired lifestyle away from major urban centres (Aburas et al., 2018). The appeal of Seremban, with its diverse developments and attractive location, has attracted homebuyers, particularly from Negeri Sembilan.

This study aims to examine and identify the factors that influence the purchase decision of real estate. Understanding these complex factors deeply makes it possible to identify the key drivers that shape decision-making processes in the real estate market. Exploring the factors that impact the purchase decision holds the potential to offer valuable insights for both real estate developers and buyers. Moreover, this study contributes to various stakeholders, including developers, valuers, and investors. It assists them in understanding the demand and human needs associated with property purchases, enabling them to target their market effectively. By conducting comprehensive feasibility studies, developers can make informed decisions and consider the crucial factors that should be considered in future developments.

This study also sheds light on the factors influencing customers' purchase decisions regarding landed residential properties, emphasising the importance of careful considerations before purchasing a property. It is particularly beneficial for first-time

home buyers, as it guides finding a suitable and desirable living or investment space. Furthermore, the findings of this research can assist the government in formulating policies and incentives to support first-home buyers, such as the MyHome program, and improving home designs that align with Malaysian citizens' preferences and financial capabilities. Ultimately, this study aims to identify the significant factors influencing customers' purchase decisions for landed residential properties. By shedding light on this topic, it facilitates the decision-making process for buyers. It encourages positive changes in purchasing properties by ensuring buyers are well-informed about all relevant property details.

LITERATURE REVIEW

Property encompasses a broad range of meanings and definitions. According to The Board of Valuers Appraisers and Estate Agents Malaysia (2015), it is a legal concept encompassing ownership's interests, rights, and benefits. Psychologist Abraham Maslow argues that meeting physiological needs for food, water, and shelter is essential before addressing other issues, such as mental and physical health (Chen et al., 2010). Protection is a fundamental human need to safeguard individuals from hazards, weather conditions, and diseases. Residential property is in high demand as it fulfils this basic need, contributing to stability and enhancing people's lifestyles (Rachmawati et al., 2019).

Landed properties are preferred by many due to the benefits of space and privacy (Rahim & Co, 2020). However, strata buildings offer advantages such as better amenities and facilities like swimming pools and gyms (YI, 2021). Individuals must make careful and informed decisions when purchasing a property as it significantly impacts their future finances and lifestyle. While price is a factor, other considerations such as location, quality, and surroundings should also be considered (Rachmawati et al., 2019). Previous research has shown that over 70% of respondents prefer living in the suburbs due to their proximity to workplaces and the availability of facilities. In comparison, 24.2% choose rural areas to avoid the noise and high costs associated with urban city centres (Ling et al., 2016). Making the right decision when buying a property ensures long-term satisfaction and well-being.

Table 1 summarises the factors identified by previous researchers that influence the purchase decision. Numerous factors play a role in influencing the decision to purchase, including location, finances, security, neighbourhood, quality, natural disasters, and design. In this study, we focus on the main factors, namely location, finances, community, quality, and design, to analyse the purchase decision of landed residential properties in Seremban.

Table 1: Matrix literature review on factors influencing homebuyers' purchase decision.

Author (year)	Purchase Decision Factors					
	Location	Financial	Neighbourhood	Quality	Design	Sustainable
Rachmawati et al., (2019)	✓	✓		✓		
JieSheng Mang (2020)	✓	✓	✓		✓	
Mariadas et al., (2019)	✓	✓	✓	✓	✓	
Hassan et al.,(2021)	✓	✓	✓	✓	✓	
Muhd Zamri et al., (2021)	✓	✓	✓			✓
Ling et al., (2016)			✓	✓	✓	
Zakaria et al., (2022)	✓	✓	✓			
Julius et al, (2016)		✓	✓	✓	✓	
Chuweni et al.,(2022)	✓		✓			✓
Mazli and Fauzi,(2022)	✓			✓		✓
Fauzi et al., (2022)	✓	✓	✓		✓	✓
Tan, (2013)			✓		✓	✓
Frequency	Σ9	Σ8	Σ10	Σ6	Σ7	Σ5

Source: Researcher (2023)

Financial Factor

The financial factor holds a significant influence on the purchase decision of properties. Price is a crucial consideration for buyers, directly affecting their affordability and purchase possibilities (Rachmawati et al., 2019). Higher prices limit buyers' options and decrease their likelihood of purchasing. In the property market, high prices can lead to an oversupply or overhang as they fail to meet customer demands and expectations. Household income also plays a vital role in property purchase decisions, as affordability is determined by the ability of the buyer to pay the required sum based on their income level (Andrew, 2012). Low-income

households may face challenges affording a property, while higher-income families have greater affordability. Additionally, the interest rate becomes a crucial factor, affecting the overall financial calculations for property acquisition. Higher interest rates can make buyers hesitant to purchase, especially considering the long-term financial commitment of obtaining a loan (Tan, 2013). The interest rate offered by banks and mortgage providers directly impacts the cost of financing and influences customers' decision-making process. Loan agreements involving banks, developers, and homebuyers are structured based on these considerations, determining the repayment terms for the buyer.

Location Factor

The location factor holds significant importance in the real estate market. The main factors influencing the green homebuyers' decisions were location factors followed by financial, neighbourhood, and housing attributes (Chuweni et al., 2022). The geographic area where a property is situated dramatically influences its value and attractiveness to buyers (Hassan et al., 2021). A strategically desirable location with access to public facilities and amenities, such as schools, shopping centres, and transportation, increases the property's value. Buyers are drawn to sites that offer convenience and easy access to essential services. Proximity to workplaces is also a crucial consideration for buyers, as some prefer to live near their workplaces to avoid commuting difficulties and traffic congestion (JieSheng Mang, 2020). Furthermore, ongoing development in an area contributes to its desirability, as it signifies growth and potential for future value appreciation. Sites with limited development opportunities tend to have higher property prices than those with room for expansion. Therefore, buyers often seek locations that offer ongoing development and the potential for future value growth.

Quality Factor

The quality factor holds significant importance in the purchase decision of customers when it comes to property. The initial impression of cleanliness, aesthetics, and maintenance greatly influences buyers. The property's quality maintains value and impacts customer satisfaction and behaviour (Hassan et al., 2021). Good ventilation is a crucial aspect of quality, as it contributes to the comfort and health of occupants. Buyers highly value adequate natural lighting and airflow. The choice of building materials also plays a vital role, as customers seek properties with durability and longevity. Well-built properties using high-quality materials attract buyers and increase sales (Julius, 2016). Housing attributes, such as the number of bedrooms and overall living space, are crucial factors customers consider. The design and layout

of the interiors, along with well-utilized space, further influence the decision-making process. Overall, the quality of the property, encompassing cleanliness, ventilation, building materials, and housing attributes, significantly influences customers' purchase decisions.

Neighbourhood Factor

The neighbourhood factor holds significant importance in the purchase decision of property buyers, as it directly influences the living environment and overall quality of life. Key considerations within the neighbourhood factor include safety, a healthy environment, and community well-being. Homebuyers seek a safe environment to feel secure and experience a sense of community. Low crime rates and a solid commitment to family values contribute to this perception of safety. A healthy neighbourhood is also characterised by access to quality healthcare and a pollution-free environment. Buyers prefer areas with low pollution levels, including air and water pollution, to ensure their and their family's well-being (Muhammad Zamri et al., 2021). A decent neighbourhood with a safe and healthy environment is a crucial factor that significantly influences the purchasing decisions of property buyers. Prospective purchasers consider the neighbourhoods' overall liveability and quality when searching for a home. An area with low crime rates provides residents a sense of safety and tranquillity. Moreover, a healthy environment with pure air, green spaces, and access to amenities improves the quality of life. These factors contribute to a neighbourhood's desirability, making it more appealing to property purchasers and positively influencing their decisions.

Design Factor

The design of a house is a significant factor influencing property buyers' purchase decisions. A well-designed home enhances comfort and leaves a positive impression on guests, fostering social interactions and personal growth (Spence, 2020). It encompasses various aspects, such as orientation, site characteristics, thermal performance, floor plan, materials, finishes, technology, appliances, and landscaping. A well-designed space facilitates easy movement and energy efficiency, making occupants feel comfortable and reducing wastage of time and effort. The structural components, including room size, number of bathrooms, living spaces, and exterior features like gardens, also play a role in the purchase decision. The property's design profoundly impacts occupants' daily routines, attitudes, and overall well-being, making it a crucial factor to consider when buying a home.

Sustainability Factor

Sustainability in the context of properties involves incorporating environmentally friendly and resource-efficient practices throughout a building's lifespan. The objective is to minimise environmental impact, enhance energy efficiency, reduce waste, and create healthier living or working environments. Green buildings integrate improved indoor air quality, energy efficiency, and resource conservation. However, developing green homes in Malaysia is limited, posing challenges for prospective buyers. Sustainability is crucial in modern properties, benefiting owners both environmentally and economically. Sustainable buildings provide comfortable spaces through unique designs prioritising energy efficiency and indoor air quality (Ismail & Shaari, 2019). Environmentally friendly neighbourhoods prioritise protecting and efficiently using natural resources, employing green technologies and practices. These neighbourhoods aim to reduce environmental impact and promote public health, safety, and the welfare of residents. Thus, Sustainable buildings minimise resource depletion and pollution and offer safe and productive environments (Chuweni et al., 2022). They bring community and environmental benefits, demonstrating social responsibility and cost-effectiveness. Indoor environmental quality is also crucial for occupants, and sustainable buildings prioritise aspects like daylighting and ventilation to provide a superior indoor environment. Also, Chuweni et al. (2023) found that environmental concerns were the primary factor influencing green homebuyers' decisions.

RESEARCH METHODOLOGY

The research methodology employed in this study was quantitative, utilising various data collection procedures such as a pilot study, internal consistency reliability, and an online survey instrument. The research population consisted of landed property purchasers in Seremban, with a current population of 484,000 based on the Departments of Statistics Malaysia (DOSM, 2022). The sample size for the study ranged from 100 to 204 respondents, determined by using Slovin's formulas to compute the necessary number of participants to achieve a 95% confidence coefficient. The questionnaire was distributed online to the people in Seremban via WhatsApp and Facebook. A pilot study validated and clarified the survey questions (Teijlingen & Hundley, 2002). The reliability of the data was assessed using Cronbach's Alpha Reliability Test (Frost, 2022). The study employed Confirmatory Factor Analysis (CFA) to identify the significant factors influencing customers'

purchase decisions for landed residential properties in Seremban. A total of six primary factors and twenty-nine sub-factors were identified, with the analysis focusing on determining the most influential factors based on survey responses.

DATA ANALYSIS

The data analysis in this study utilised the Statistical Package for Social Science (SPSS) software, allowing for efficient processing and presentation of data through graphs and tables. Questionnaires were distributed among residents in Seremban, Negeri Sembilan, based on insights from a literature review and a matrix table to identify factors. The Likert Scale was used to evaluate items, and mean values were calculated to assess the level of influence perceived by respondents. Frequency and percentage distributions were examined, and reliability was assessed using Cronbach's Alpha. Confirmatory Factor Analysis (CFA) was employed, supported by tests such as the KMO test, Bartlett's Test of Sphericity, Anti-Image Matrices (MSA), and Communalities Value (CV). Overall, using SPSS facilitated the exploration of factors influencing customers' purchase decisions of landed residential property in Seremban, Negeri Sembilan, Malaysia.

RESULTS AND DISCUSSION

The descriptive analysis of gender distribution reveals that female respondents account for 53.0 per cent of the total participants, slightly higher than the male respondents at 47.0 per cent. The age distribution table shows that individuals aged 31-40 constitute the largest group at 35.6 per cent, while those aged 18-20 comprise the smallest group at only 2.3 per cent out of the total 132 respondents. Table 2 shows the descriptive statistics of the respondents.

Table 2: Descriptive Statistics of the Respondents

ITEMS	FREQUENCY	PERCENTAGE
Gender		
Male	62	47.0
Female	70	53.0

Age Group		
18 – 20 Years Old	3	2.3
21 – 30 Years Old	41	31.1
31 – 40 Years Old	47	35.6
41 – 50 Years Old	28	21.2
51 – Years Old Above	13	9.8
Employment		
Government	41	31.1
Private Sector	49	37.1
Self – Employment	25	18.9
Retired	7	5.3
Student	8	6.1
Housewife	1	0.8
Monthly Income		
Below RM2,000	10	7.6
RM2,000 – RM4,000	22	16.7
RM4,001 – RM6,000	34	25.8
RM6,001 – RM8,000	36	27.3
RM8,001 – RM10,000	21	15.9
RM10,001 and above	9	6.8

Source: Researcher (2023)

Internal Consistency Reliability

The questionnaire used in the study underwent comprehension validity and was adjusted based on the acceptance and feedback of experts in the field. The reliability of the questionnaire was evaluated using Cronbach's Alpha, and the obtained coefficient from the pilot study indicated an excellent reliability level of 0.988. This suggests that the questionnaire is a reliable tool for collecting data. The questionnaire content was thoroughly reviewed, validated through matrix tables, and discussed extensively, incorporating relevant findings from previous literature. With a high level of reliability and validation, the study can proceed to the actual survey phase confidently.

Mean Analysis of Factors Influence Purchase Decision

Comprehensive data analysis revealed the key factors influencing customers' purchase decisions for landed residential properties in Seremban.

Table 3: Mean Analysis of the Factors that Influence the Purchase Decision

No.	Factors	Average Mean	Rank
1	Neighbourhood	4.4962	1
2	Quality	4.4678	2
3	Financial	4.4571	3
4	Sustainability	4.4318	4
5	Design	4.3636	5

6	Location	4.3621	6
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Source: Researcher (2023)

As depicted in Table 3, the neighbourhood factor emerged as the most influential, with respondents valuing a pleasant and secure community that promotes good health and is pollution-free. Previous researchers also stated that neighbourhood factors positively correlate with residential property purchase decisions (Mariadas et al., 2019). Furthermore, neighbourhood and housing attributes are among the main factors influencing green homebuyers' decisions (Chuweni et al., 2022). A desirable neighbourhood with a secure and healthy environment is crucial for attracting buyers. Low crime rates, perception of security, and a healthy living environment contribute to a property's desirability.

Quality ranked second, indicating the importance of durable properties with excellent ventilation and desirable attributes. Rachmawati et al. (2019) stated that quality played some role in customers' purchase intention of the property. The importance of quality-related factors, such as good ventilation and housing, cannot be overstated. Buyers value properties with sturdy construction, adequate ventilation, and other desirable housing features. These factors contribute to a property's ultimate value and desirability.

The financial factor followed closely, with affordability and long-term value being significant considerations. Reasonable prices and household income are crucial considerations for purchasers, who are sensitive to pricing and affordability. Additionally, mortgage availability and interest rates significantly determine a buyer's ability to finance a purchase.

The location factor received the lowest ranking, reflecting varying preferences among buyers regarding the proximity to city centres and public facilities. These findings provide valuable insights into the factors that significantly impact customers' purchase decisions, emphasising the importance of neighbourhood, quality, and financial aspects while recognising the diverse significance of location among homebuyers.

Kaiser – Meyer – Olkin (KMO), Bartlett's Test of Sphericity

The dataset underwent further evaluation using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity. The KMO measure assessed the suitability of conducting factor analysis on the dataset by determining its adequacy. On the other hand, Bartlett's sphericity test tested the null hypothesis of no correlation between variables in the population correlation matrix. KMO values close to 1.0 indicate excellent adequacy, while values below 0.5 are unacceptable. Additionally, a p-value (significance) of less than 0.05 is typically used as the threshold for significance in statistical tests. The results of the KMO analysis shown in Table 4 indicate that the dataset had a KMO value of 0.915 and a P-value of 0.000.

These findings suggest that factor analysis was highly suitable and appropriate for the study.

Table 4: The KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.784
Bartlett's Test of Sphericity	Approx. Chi-Square	4387.550
	df	406
	Sig	.000

Source: Researchers (2023)

Subsequently, the Anti-Image Matrices (MSA) technique was employed to identify any variables below the threshold of 0.5 and thus deemed insignificant and should be removed from the analysis (Trujillo-Ortiz, 2006). However, all subfactors in the study exceeded the required value of 0.5, indicating their acceptance and relevance to the study. Furthermore, the Communalities Value (CV) analysis was conducted to assess the relationship between the primary factors and subfactors, with a minimum CV score of 0.5 considered necessary to represent the factors in this study (Gaskination StatWiki, 2022). Table 5 presents an overview of the significant factors influencing the customer's purchase decision.

Table 5: Significant Factors Influencing Customer's Purchase Decision

SUB FACTORS	ANTI IMAGE MATRICES	COMMUNALITIES VALUE (CV)	REMARKS
FINANCIAL FACTOR			
Price (PR1)	0.696	0.838	Significant
Reasonable Price (PR2)	0.757	0.823	Significant
Household Income (PR3)	0.746	0.701	Significant
Interest Rate (PR4)	0.812	0.795	Significant
Mortgage (PR5)	0.703	0.624	Significant
Rental Value (PR6)	0.809	0.766	Significant
LOCATION FACTOR			
Location (LO1)	0.737	0.802	Significant
Public Facilities (LO2)	0.755	0.644	Significant
City Centre (LO3)	0.773	0.737	Significant
Nearby Workplace (LO4)	0.802	0.650	Significant
Ongoing Development (LO5)	0.691	0.658	Significant
QUALITY FACTOR			
Quality (QU1)	0.808	0.757	Significant
Good Ventilation (QU2)	0.806	0.849	Significant
Good Quality (QU3)	0.829	0.787	Significant
Housing Attribute (QU4)	0.855	0.829	Significant
NEIGHBOURHOOD FACTOR			
Neighbourhood (NE1)	0.816	0.727	Significant

Safe Environment (NE2)	0.809	0.849	Significant
Healthy (NE3)	0.850	0.796	Significant
Low Crime Rate (NE4)	0.812	0.793	Significant
DESIGN FACTOR			
House Design (DE1)	0.731	0.772	Significant
Well-Planned (DE2)	0.927	0.793	Significant
Housing Attribute (DE3)	0.793	0.798	Significant
Bedrooms (DE4)	0.849	0.784	Significant
Bathrooms (DE5)	0.704	0.784	Significant
Stories (DE6)	0.602	0.791	Significant
SUSTAINABILITY FACTOR			
Sustainable Elements (SU1)	0.774	0.799	Significant
Environment Friendly (SU2)	0.741	0.828	Significant
Energy Efficiency (SU3)	0.806	0.750	Significant
Indoor Quality (SU4)	0.897	0.785	Significant

Source: Researcher (2023)

A factor analysis was performed on the items associated with the independent variables, which include city centre, good quality, energy efficiency, number of stories, and rental value. The KMO measure, which assesses sampling adequacy, resulted in a matter of 0.784. According to Shrestha (2021), KMO values range from 0 to 1, with values between 0.8 and 1.0 indicating adequate sampling, values between 0.7 and 0.79 considered moderate, and values between 0.6 and 0.69 seen as mediocre. KMO values below 0.6 suggest inadequate selection and the need for corrective measures. In this study, the KMO value of 0.784 falls within an acceptable range, indicating that the sample size is appropriate for factor analysis.

Factor analysis was also conducted on the items related to the dependent variable, namely Purchase Intention. The study of the initial 29 articles of the independent variable, sub-factors, did not involve any reduction. The KMO value obtained was 0.784, and the significance level of Bartlett's test of sphericity was 0.000, indicating that the data was suitable for factor analysis. The commonalities of the five variables ranged from 0.644 to 0.849, meeting all requirements. The commonalities of the five variables ranged from 0.644 to 0.849, satisfying all needs.

The comprehensive analysis of the subfactors influencing buyers' purchase decisions yields valuable insights into the primary factors that shape buyers' preferences. This information can be used by developers, policymakers, and industry stakeholders to align their offerings with buyer expectations, ensuring that properties meet purchasers' financial, locational, quality, neighbourhood, design, and sustainability needs. By understanding these factors, stakeholders can effectively create properties that meet the evolving requirements of buyers and cater to their evolving demands. Figure 1 depicts the factors influencing homebuyers' purchase decisions of landed residential properties in Seremban.

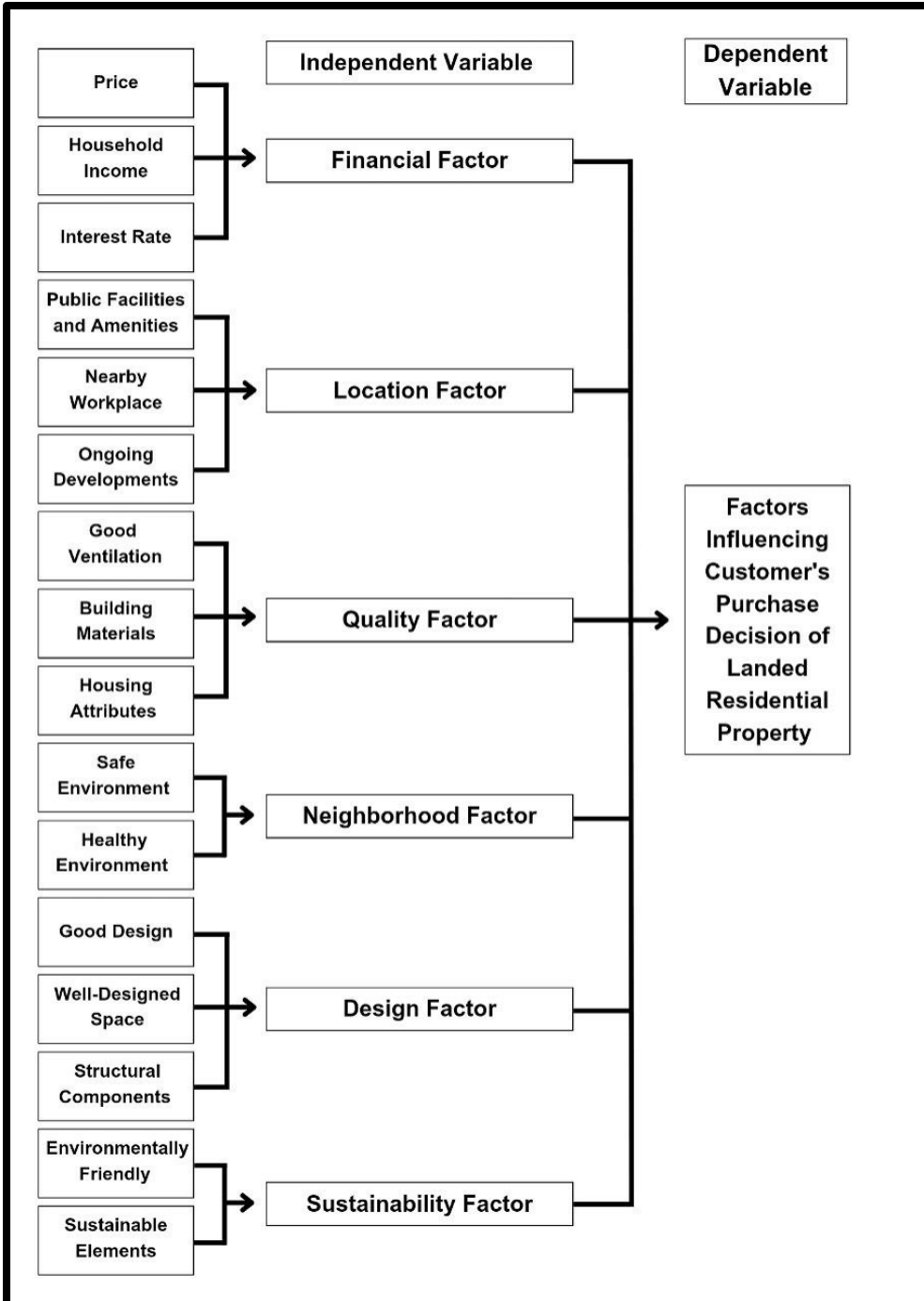


Figure 1: Influence Factors Customers' Decision in Purchasing Property

CONCLUSION

This study aims to identify the factors that impact customers' decision-making when purchasing a property. By comprehensively examining these factors, we can gain valuable insights into the determinants that influence the decision-making process in property acquisition. This study has effectively identified several factors influencing respondents' purchase decisions in the study area. Additionally, the study indirectly highlights specific housing issues among the respondents. Notably, many respondents, including those with low income and those currently residing in high-rise housing, preferred landed housing types. This finding contradicts the current trend of increased supply of high-rise housing types in urban areas, including the study area and its surroundings. It raises concerns about the potential oversupply of high-rise housing in Malaysian urban regions.

This research provides recommendations for two key stakeholders: developers and the government, to improve housing development in Seremban. By utilising the insights gained from surveys and additional research, the government can effectively regulate housing initiatives to align with the preferences of Seremban residents. This includes making informed decisions about appropriate residential developments in the future.

For developers, the study's findings offer valuable insights into the significant factors influencing homebuyers' purchase decisions in Seremban. Understanding the preferences and desires of homebuyers in the housing market allows developers to make informed decisions for future projects. Developers must consider the desires and demands of homebuyers before undertaking new ventures. Furthermore, the study recommends that the Malaysian government address the challenges faced by middle and low-income households by thoroughly identifying housing demand and implementing effective measures to control the inflation rate and ensure affordable housing options are available.

To conclude, this study successfully found some of the factors that influence the purchase decision of respondents in the study area. At the same time, the study indirectly indicates some housing issues among respondents. Most respondents prefer to stay in landed housing types, including those currently in high-rise housing types and those with low income. This scenario contradicts the existing trend of new housing supply in urban areas with more supply in high-rise housing types. These findings therefore can inform the development of effective strategies, policies, and interventions that encourage individuals and organisations to consider and address customer demands in real estate development.

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

Tarikh : 20 Januari 2023

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Tuan,

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Sekian, terima kasih.

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Saya yang menjalankan amanah,

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