

CHAPTER 1

INTRODUCTION

1.1 Background of Study

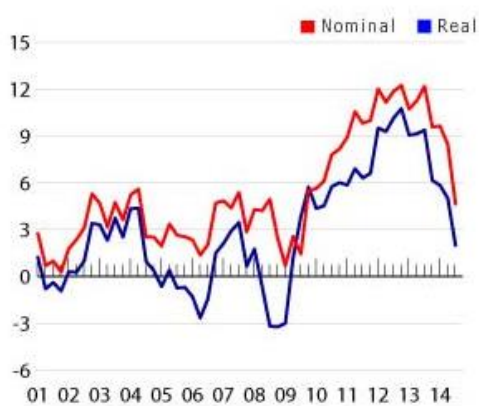
Buying a house is the largest spending in most household budgets. Home is not just for shelter but a place to express values and our own aspirations. People have different taste in mostly everything, including house choice where people will look into every aspects of the house before buying it. Most common things that will be look upon on buying houses are financial, location and the design aspect. House choice and house needs are two things that can cause a different decision of a home buyer. Buying a house is always a battle between needs and desire. According to (Abdullah et al., 2012), needs and wants are two different things, that needs are things ‘imposed upon me independently and my will’, whilst wants are things ‘we choose for ourselves as a way of expressing who we are’. From needs to choice, there are a lot of considerations to be made. As the needs to be fulfilled, it is the basic consumption that we need in that particular situation. As to fulfil our choice, one with the most desirable to our taste it is.

Over recent years, the house pricing in Malaysia is highly increasing as well as the demand for housings has always been increasing each year. According to (Chin, 2013);(Saw & Tan, 2014), the property price in Malaysia is on its all-time high, resulting in difficulties even for young home buyers and growing families to afford to own property, even more so for the low-income group. There are many efforts being done to fulfil the needs of residential areas, especially in a developing district as in Tuaran, Sabah. This includes the development of low-cost residential housings which was sold in lower prices as compared to other residential housings around the area. Tuaran is one of the most active districts in Sabah. With a population of 101,786 according to the data taken from the Population and Housing Census of Malaysia 2010, Tuaran has been actively developed in many aspects including economy and agriculture. Therefore, the population is increasing every year with an average annual

population growth rate of 2.26% as of the year of 2000 to 2010. Tuaran is lived by many races which include Dusun, Bajau, Chinese and other ethnics. Consequently, Tuaran has a potential to be one of the most populated districts in Sabah. As for that reason, residential housings are one of the essential projects that need to be built in the area. However, there are many reasons that could influence buyers in buying a new house especially for first-time home buyers. According to (McWilliams & McWilliams, 2016), a recent study by the National Association of Realtors showed that more home buyers under the age of 33 bought more homes than Gen X (age 34 to 48), baby boomers (age 49 to 67) and the Silent Generation (age 68 to 88). Furthermore, the vast majority of buyers under the age of 33 (76 per cent) are first-time home buyers. Since, housing clients are majority from the first-time home buyers, understanding their preferences and features of housing desire and need would help in identifying the factors influencing their decision when buying a house. First-time home buyers often focus on the preferences and the affordability before buying a new house especially to those who just recently have a job, buying a house is important in order to get rid of monthly rent that would cost more than owning a house.

House price change

% change over a year earlier



House price index (2000=100)



Figure 1-1.1 House Price Change in Malaysia

Source: Global Property Guide

1.2 Problem Statement

A small number of studies on housing have been conducted in the state of Sabah. In general, any preferences of a house will affect the decision of first-time home buyers. Apart from determining first-time home buyers' preferences, it is best to discover the unwanted features in a house. According to (Quint, 2016), understanding what features are best not to include in a typical home and community is just as critical as knowing what buyers do want. Acknowledging the unwanted features would help to see the preferences clearly.

As the development of Tuaran district is now at its peak, the housing system plays a huge role in gaining populations and therefore engaging more activities that will broaden the evolution of the district. Housing system has to be arranged or designed properly according to the needs of the largest percentage of home buyers, which comes from the first-time home buyers who contributed more than 70% as home buyers. Most of the first-time home buyers come from the Millennial (age below 33 years-old) which currently make up the largest generation of home buyers in the market today. On that account, first-time home buyers are the main target on the housing system in Tuaran and hence, their preferences of houses are accounted as it will influence their decision-making as a first-time home buyer whether they prefer it to be cheaper or bigger in size or any specific preferences. According to (Homebuyers et al., 2015) first-time homebuyers are the lifeblood of our housing system. They allow current homeowners to sell and move to a new town, a new job, a retirement community, or the bigger house next door. Because of their critical role in creating and sustaining a strong housing market, first-time buyers have long been an important focus of housing policy.

Tuaran housing system has been expanded in the past few years and yet the demand for housing remains rising. This is because the location of the district which is 34km from the state capital, Kota Kinabalu, which only take less than 35 minutes to the centre of the capital city. Financially, the market pricing for housing in Tuaran is lower than that of in Kota Kinabalu. The suburb environment of Tuaran district has attracted many people, especially those who are working at nearby areas, Telipok, Menggatal, Inanam and Kota Kinabalu to live in Tuaran, hence, the high demand of housings. However, do