HOMEBUYERS' BUYING BEHAVIOUR FOR HIGH RISE PROPERTY IN IPOH

LUM WAI YIN

UNIVERSITI MALAYSIA PAHANG
SUPERVISOR’S DECLARATION

I/We* hereby declare that I/We* have checked this thesis/project* and in my/our* opinion, this thesis/project* is adequate in terms of scope and quality for the award of B. Eng (Hons.) Civil Engineering

_______________________________
(Supervisor’s Signature)

Full Name : DR. DOH SHU ING
Position : Senior Lecturer
Date : 11 JUNE 2018
STUDENT’S DECLARATION

I hereby declare that the work in this thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Universiti Malaysia Pahang or any other institutions.

_______________________________
(Student’s Signature)
Full Name : LUM WAI YIN
ID Number : AA14202
Date : 11 JUNE 2018
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LUM WAI YIN

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for the award of the degree of
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With the name of God, the most gracious the most merciful…. 

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ABSTRAK

ABSTRACT

Ipoh is the capital of one of the Malaysia states Perak. It is located by the Kinta River, around 180 km north of Malaysia’s national capital, Kuala Lumpur and 123 km southeast of Penang state. As of 2010, Ipoh has a population of 657,892 people. This makes Ipoh as Malaysia third largest city according to population. Malaysia’s is having a strong growth period in residential housing market. To maintain this flourishing growth, marketers require an in-depth understanding in purchasing behaviours of the buyer. It helps properties suppliers achieving a sustainable competitive advantage. It is crucial to know that the purchaser really wants as buyers are becoming more cautious before getting their houses in order to reduce mismatch in housing provision. Housing developer needs to have detail knowledge on how is Malaysian purchaser differ in perception, preference and option in their choice of houses. Generally, Malaysian prefer gated-guarded landscape compound but there are limited access to the value provided in Ipoh, Malaysia. And because of this problem, the main emphasis of this paper is to determine whether the respondent is willing to pay to changes in neighbourhood types and what are their preferences in selecting one. The purpose of this research is to determine the critical attributes on buyer’s decision in selecting a house in Ipoh, Malaysia and to determine which individual buyers’ characteristics affects their evaluation of housing attributes and their choice in Ipoh, Malaysia. Survey is done in Ipoh and the data will be analyse through descriptive analysis, scale measurement, reliability test, inferential analysis, Pearson correlation coefficient analysis, independent T-test, and also multiple regression analysis. It is found that Ipoh community wanted to own new properties but still not able to accept high rise property and the critical attributes that affect buyer decision is property price.
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<td>%</td>
<td>Percentage</td>
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<tr>
<td>&gt;</td>
<td>More than</td>
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<tr>
<td>&lt;</td>
<td>Less than</td>
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**LIST OF ABBREVIATIONS**

<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>PD</td>
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<td>PF</td>
<td>Property Financial</td>
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<td>PFc</td>
<td>Property Facility</td>
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<td>PO</td>
<td>Other Property Attributes</td>
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<td>University Malaysia Pahang</td>
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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Bank Negara had recently announced that Malaysia’s household debt-to-gross domestic product (GDP) ratio increased to 89.1% as of 2015 from 86.8% (The Star, 2016). In fact, we have one of the highest household debts in South East Asia. Our household debt has doubled between 2008 to 2015. This event shows that Malaysian invests a large sum of money in houses and by saying that this will only increase over time because every human being needs a home. In Malaysia, one of the ways to own a house is through loan. For the first two properties, the maximum for house loan is 90% and for third house and above subsequently 70%. In normal circumstances, Malaysia property value appreciates and not depreciates.

China, Singapore, and private Malaysian customers purchasing housing dealers are the major investors in housing market in Malaysia. China groups have invested $2.1 billion in Malaysia real estate for the past three years compare to Singapore $985 million (Jeeven, 2017) and this shows that the future of Malaysia real estate is promising. The last group of investor are focused in this study.

Ipoh is the capital of one of the Malaysia states Perak. It is located by the Kinta River, around 180 km north of Malaysia’s national capital, Kuala Lumpur and 123 km southeast of Penang state. As of 2010, Ipoh has a population of 657,892 people. This makes Ipoh as Malaysia third largest city according to population. (Department of Statistics, 2010) Malaysia’s is having a strong growth period in residential housing market. As mentioned above, Ipoh is one of the top cities in Malaysia. To maintain this flourishing growth, marketers require an in-depth understanding in purchasing behaviors of the buyer. Home buyers’ perception of providers and their choice criteria are numerous (Choudhury, 2015). This includes aspect such as the insight of overall condition of the properties, environment and also level of satisfaction after-sales by the suppliers. Besides that, learning buyers’ need and what induce home buyers’ satisfaction level and using these as targets. It helps properties suppliers achieving a sustainable competitive advantage.
1.2 Problem Statement

There has been a limited study conducted in Malaysia to investigate homebuyers’ buying behaviour for high rise property in Ipoh. This study is done to identify the criteria influencing home buyers’ decision in buying their high rise properties. Ipoh is the third biggest city in Malaysia and the population in this area is increasing from time to time and high rise properties is one of the alternative to solve the problem. However there are a lot to take into consideration when one is to purchase a house as it involves a large sum of money and tens of years of commitment. There are a lot of developers in Ipoh including Sunway City, Mansion Builder, Total Investment and many others. Due to this, the supply of housing properties increases dramatically. These developers are competing with each other’s in terms of sales, marketing, branding and shares (Tan, 2011). Therefore these developers have to find some alternatives and answer on what are the attributes the purchaser are looking in to when they buy a high rise properties.

For example, in Klang Valley, too many developers are offering a wide range of housing properties and because of this, purchases have a lot of choices which makes the market growing slow because of competition (Tan, 2011). There is an over construction by Malaysian developers and this created a problem which is property overhang. This means that the houses that have been certified of fitness for occupation remain unsold for over nine months (Ministry of Finance’s Valuation and Property Service Department, 2006). As days go on, there will be a gradual increase in supply and the market competition will be more intense. There are a many choices available, purchaser will have more to look into, including design, price, location, facilities and other aspects (Tan, 2011).

Ministry of Finance’s Valuation and Property Service Department 2009 reported that the overhang units rose from 23,866 units (RM3.82 billion) in 2007 to 26,866 units (RM4.476 billion) in 2008. These houses are mostly below RM150,000. These overhang units do not attract the targeted market because they are located in poor locations with low employment opportunities and no adequate amenities. (Tan, 2011).

Developers in Malaysia are blooming and there are a wide choice offered. Saying that, purchaser are going to consider on a lot of aspect such as location, design, facilities, neighbourhood and other attribute. Price of properties in Malaysia is increasing especially in big cities such as Kuala Lumpur, Johor Bahru and Penang. Because of this, there are more reputable developer such as Eco World Development Group Berhad, LBS Bina Group Berhad, Sime Darby Property Berhad and many others. Besides all these big players, there are also more small developer emerge to venture into the market. Therefore, the numbers of residential properties are to increase too and as the supply increases, demand decreases. This paper is going to look into criteria such as financial, location, proximity and connection, neighbourhood, property design and layout, facilities and few other property attribute has an impact if they want to buy a house in Ipoh.

Finally, it is crucial to know that the purchaser really wants as they care becoming more cautious before getting their houses in order to reduce mismatch in
housing provision. Housing developer needs to have a detail knowledge on how are Malaysian purchaser differ in perception, preference and option in their choice of houses. Generally, Malaysian prefer gated-guarded landscape compound but there are limited access to the value provided in Ipoh, Malaysia. And because of this problem, the main emphasis of this paper is to determine whether the respondent is willing to pay to changes in neighbourhood types and what are their preferences in selecting one.

1.3 Objectives

The purpose of this research is to identify to identify the attributes house buyer look into when buying a housing property in Ipoh, Malaysia that had been discussed in problem statement by having a general objective and then scope down more to a specific objective. This research is to find out and analyse the factors influencing buyer’s intention when they are to get a house in Ipoh, Malaysia. This study will also help in identifying the features that buyers prefer when they buy a housing property in Ipoh, Malaysia:

a. To determine the critical attributes on buyer’s decision in selecting a house in Ipoh, Malaysia.

b. To investigate which individual buyers’ characteristics affects their evaluation of housing attributes and their choice in Ipoh, Malaysia.

1.4 Scope of Study

In this study, the experiments will be conducted in small scale survey basis. This survey will be distributed to as the respondent in Ipoh, Perak. The survey is divided into two sections which is demographic and also factors that affect the buying behaviour of high rise property in Ipoh.

To obtain purchasing behaviour of the respondent, these attribute will be asked:

a. Background characteristics of respondent
b. Features of house currently lived in
c. Financial
d. Location, Proximity & Connectivity
e. Neighbourhood
f. Property Design & Layout
g. Property Financial
h. Property Location
i. Property Neighbourhood
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