Housing Attributes Influencing Housing Buying Decisions of Young Working Generations

Nor Atiqah Mustapa* and Maizatul Rahmah Razib1

1 Department of Built Environment Studies and Technology, College of Built Environment, Universiti Teknologi MARA, Perak Branch, 32610, Seri Iskandar, Perak, Malaysia

Received 2nd September 2023, Revised 12th October 2023, Accepted 28th October 2023

______________________________________________________________

ABSTRACT

Buying a home is always everyone’s dream. However, today’s young working generation prefers to live in a rental house rather than buy a house. The decision to buy a house is not an easy one because it requires stable finances. A wrong decision in the purchase of a house can lead to negative consequences in the future. Unfortunately, even with all the government incentives through housing programmes that assist in the financial aspect, they still prefer to live in rented houses. In general, there are a number of factors that influence the housing buying decisions of the young working generation, especially those who live in a city like Kuala Lumpur. From past research, one of the factors is housing attributes. Therefore, this paper attempted to investigate the housing attributes influencing the housing-buying decisions of young working generations in Kuala Lumpur. A quantitative method is employed, and 384 sets of questionnaires were distributed purposefully to the young working generation in Kuala Lumpur. In order to analyse the data for this study, descriptive analysis and the Statistical Package for the Social Sciences (SPSS) version 29.0 were both employed. From the results obtained, all respondents agree that price, size and number of living spaces, and neighbourhood have the most influence on housing buying decisions, but there is one variable that the respondents did not agree on, and that is superstition.

Keywords: Homeownership, Housing Attribute, House-Buying Decision, Young Working Generation

1. INTRODUCTION

Malaysia is a developed country, where a lot of development is being carried out for Malaysia to achieve modernisation. With that being said, many housing units have been constructed, giving many people the chance and choices when buying a house. In house buying decisions making, people are very careful when making their decision and choices. This is because buying a house is a big decision that involves substantial financial commitment and long-term implications in life (Sidik et al., 2021). According to the report by the U. S. Federal Reserve Board (2019), homeownership is often the largest asset in households’ portfolios, making it crucial for individuals to approach the decision with care. Homeownership is a significant investment, and potential buyers want to ensure they make a sound decision that aligns with their financial goals and stability.

According to Bustamante et al. (2021), the average age of a homeowner is 56, indicating that people reside in a rental home until they are approaching retirement age (Bustamante et al., 2021). Therefore, it is not surprising young working generation nowadays likes to rent than buy a house (Olick, 2019; Aziz et al., 2022, Fisal et al., 2022). They always tried to postpone buying housing (Mulyano, Rahadi & Amaliah, 2020). Hence, homeownership is lower among the young

*Corresponding Author: noratiqah@uitm.edu.my
working generation compared to the older generation (Fisal et al., 2022). Even with all the government incentives such as Perumahan Rakyat 1 Malaysia (PR1MA), Perumahan Penjawat Awam 1 Malaysia (PPA1M) and My Home, the young working generations would rather live in a rental house (NAPIC, 2021). This situation is a bit worrisome as fifty percent of Malaysia's population consists of those aged forty and below (Leh, Mansor & Musthafa, 2016) whereby it could lead to overhang property problems in the housing market.

Factors of house buying decision making by the young working generation was not a new topic. There is a lot of research that has been done and the focus varies. In the Malaysia context, several past researchers focus on the young working generation such as Tan (2012), Leh, Mansor and Musthafa (2016), Kam et al. (2018), Ismail et al. (2021), Muhammad Zamri, Yaacob and Mohd Suki (2022) and Siew (2022). Among the main factors that have been identified were financial, environmental, lifestyle, accessibility, and housing attributes. Research focuses solely on housing attributes itself still lacking. It could be that the available housing in the market did not match their preferences towards housing attributes and eventually, it influenced them to remain to rent instead of buying. The young generation might have different preferences for housing attributes. Hence, this research aims to improve the housing ownership rate for the young working generation living in Kuala Lumpur by investigating the housing attributes that influence their house buying decision making. This research is expected to contribute significantly to the literature on housing decision-making by the young working generation towards housing attributes to the body of knowledge. The findings will be beneficial to government and housing developers in their strategies to fulfill the young working generation's housing demand.

2. LITERATURE REVIEW

There are varies factors that have influenced a buyer’s house buying decision. Chia et al. (2016) have categorised the factors into housing attributes, financial, accessibility, environment, superstition, and developer reputation. Meanwhile, according to Salleh et al. (2015), the factors are house price, location. Design, view and ventilation, neighbourhood, facilities, amenities, feng shui elements, luxury and style.

The young working generation who lives in urban areas such as Kuala Lumpur sure having difficulties owning a house since the average price of houses there is one of the most expensive compared to other states in Malaysia including affordable houses. The rise in price of the affordable housing has become a struggle for the young working generation. This has also been supported by Liu et al. (2021) the affordable house contradicts the affordable itself. Zyed (2014) also shows the same concern about how the young working generation cannot afford the supposedly affordable house. Thus, they prefer to rent rather than purchase (Leh, Mansor & Musthafa, 2016). The young working generation tends to have different house buying decision because of their experience stages of life such as leaving their parental home for a job and marriage (Wu, 2010). Young working generations are those who are aged between 20 years to 35 years old (Doling, 2006; Leh, Mansor & Musthafa, 2016). Majority of them have just begun their career and earns between RM2,000 and RM2,500 based on World Bank's 2019 Malaysia Economic Report.

2.1 Housing Attributes Young Working Generation

Housing attributes refer to the specific characteristics or features of a residential property. These attributes encompass various aspects of the house itself, its surroundings, and the amenities or facilities associated with it. Housing attributes are important to study to look at how the young working generation makes housing decision-making. When evaluating or describing a housing property, several attributes are commonly considered. Based on previous research, there are a few numbers of housing attributes that influence young working generation. According to
Mulyano, Rahadi and Amaliah (2020) there are five housing attributes that the young working generation to look into in housing decision-making. They are location, price, structural attributes, size, and developer reputation. In a study by Kam et al. (2018) location, neighbourhood and structural design were the main four housing attributes that influence the young generation in housing purchasing. Kim (2020) has similar results but with an addition of housing prices. Dökmeci and Berköz (2000) and Wu (2010) and share the same finding whereby location and neighbourhood could influence them. Next, study by Ismail et al. (2021), Kurniawan et al. (2021) and Muhammad Zamri et al. (2021). In all three studies, house price and location were considered as important housing attributes in the housing decision-making of the young working generation. Yet the results of the three studies were different as the third crucial housing attribute was house type, structural and neighbourhood respectively.

2.1.1 Price

The price of the house is in relation to the financial status (Opoku & Abdul-Muhmin, 2010). According to NAPIC, the house price in Kuala Lumpur is one of the highest compared to other states. This could be due to Kuala Lumpur being the capital city. Everything in Kuala Lumpur become more expensive compared to other states. Surprisingly, a lot of researchers found that the price of the house as the house attribute influences the young working generation (Chia et al., 2016; Razak et al., 2013; Chin, 2016; Olanrewaju et al., 2018; Rehm et al., 2018).

2.1.2 Location

As a human, people want to have easy access to any place. With that being said, young people are more interested in buying a house when there are a lot of facilities that are near the premises of the property (Mang et al., 2020). This location may also mean a place where young people can easily access facilities to satisfy their needs (Żróbek et al., 2015). These facilities can be for example hospitals, schools, public transport, school, grocery stores, and many more. The success of a housing project is most significantly affected by location. A favourable location will result in a high percentage of profit return (Salleh et al., 2015). According to Arief (2022) research, the location of the house is one of the housing attributes that influence the house buying decision making.

2.1.3 Structural Soundness and Design

Structure refers to the home's overall physical attributes and standards. A few of the criteria are airflow, build-up area, quality, design, layout, disability features, number of stories, electrical sockets, natural lighting, windows, housing type, and orientation (Mang et al., 2020; Chin, 2016). All these features will influence the buyers and pique their interest in buying a house. Young people nowadays tend like to have a very good first impression, so they wanted their house design to suit their taste so that they can give off a good first impression to other people. Hence, all these features would be an important factor that could determine buyers’ decision into buying a house. The result of this research can also be a reference for home buyers.

2.1.4 Neighbourhood

Neighbourhood refers to the collection of geographically based characteristics that are connected to communities of homes, often in conjunction with other land uses (Galster, 2001). This factor is one of the important aspects in making the decision on buying a house. According to Mang et al. (2020) their research already compiled the neighbourhood factor, which includes, air quality, flooding problems, greenery, population, crime rates, peacefulness, security, safety, traffic circumstances, road and passage width, street layout and lighting, and water drainage. When choosing a home or a residential property, households are more likely to spend more if the
neighbourhood is nice (Hassan et al., 2021). According to Arief (2022), the neighbourhood of the house have the most significant influence on the house buying decision.

2.1.5 Living Spaces

Living spaces can be referred to as the spaces within the property or the house. To be more specific, it includes spaces like a living room, kitchen, bedrooms, and bathrooms. According to Chia et al. (2016), all these living spaces will be measured on their size and numbers as it is important in affecting the decision for adults to buy a house. Living spaces become a factor as occupants will spend a lot of their time in those spaces and they wanted a living space that can satisfy their needs (Mang et al., 2020).

2.1.6 Developer's Image

A study has been conducted by Cheng and Cheok (2008) regarding the developer brand and it has been regarded as an important factor for house buying decisions. From the study, a lot of buyers were aware of the developer's brand and image, which resulted in them purchasing a property from a well-known developer. More buyers might be attracted by well-known developers than lesser-known ones (Cheng & Cheok, 2008). In addition, a study from Razak et al. (2013) supported the factor, as their study shows that numbers of people agree that the image of the developer can bring influence in making the decision of purchasing a house. A well-established developer with a positive track record is more likely to be trusted by people (Le-Hoang et al., 2020). If the developer has a history of delivering high-quality projects on time and without major issues, buyers will feel more confident in their investment.

2.1.7 Types

There are a lot of types of houses in Malaysia. Every people have their own preferences and usually, people make decision by following their preferences (Hassan et al., 2021). This statement has also been supported by Chin (2016). According to Primarianto (2018), the most influencing factor is the type of house. The type of house can be categorised into 2 that is landed and strata. Based on Ismail et al. (2021), the young generation prefers to have landed which is a terraced house rather than a strata type.

2.1.8 Superstition

Superstitious belief is usually for Chinese people, but they are also other ethnicities believe in superstitions too. Salleh et al. (2014), talk about feng shui in their journal which is also an ancient Chinese belief and knowledge about how to work with the energy in the surrounding area to maintain good health, prosperity, and money. Chinese superstitious beliefs can affect the house buying decision making of a person (Chia et al., 2016; Rehm et al., 2018). Hence, superstition belief will be picked as a variable as the house attribute.

3. RESEARCH METHODOLOGY

Kuala Lumpur was chosen as the case study due to the low homeownership rate and high house rental rate (Fisal et al., 2022). This research used the quantitative method. Questionnaires had been developed and 384 sets of questionnaires were distributed. The questionnaire was shaped in a 4-point Likert Scale which represents options of strongly disagree, disagree, agree, and strongly agree. This is to identify the level of agreement of the respondents regarding the variables. This study focuses on the parameters of housing attributes and the target respondents are the young working generation. The young working generation refers to someone between the ages of 20 to 39 years old. Therefore, only the young working generation who reside in Kuala
Lumpur may respond to the questionnaires, hence the purposive sampling approach is used. The data obtained from the questionnaire will then be analysed using descriptive analysis with the help of SPSS version 29.0 to generate the mean score.

4. RESEARCH FINDINGS AND DISCUSSIONS

The result was analysed based on the respondents’ views on housing attributes that have influenced them in housing decision-making. This paper is not going to discuss in detail the analysis in terms of preferences on housing attributes. Table 1 shows the mean and rank for housing attribute that influences the house buying decision making by young working generation.

Table 1 Mean and Rank for Housing Attribute That Influences House Buying Decisions Making By Young Working Generation

<table>
<thead>
<tr>
<th>HOUSING ATTRIBUTES</th>
<th>MEAN</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>3.43</td>
<td>1</td>
</tr>
<tr>
<td>Size and Number of Living Spaces</td>
<td>3.42</td>
<td>2</td>
</tr>
<tr>
<td>Neighbourhood</td>
<td>3.38</td>
<td>3</td>
</tr>
<tr>
<td>Structural Soundness and Design</td>
<td>3.31</td>
<td>4</td>
</tr>
<tr>
<td>Types</td>
<td>3.29</td>
<td>5</td>
</tr>
<tr>
<td>Location</td>
<td>3.28</td>
<td>6</td>
</tr>
<tr>
<td>Developer’s Image</td>
<td>3.18</td>
<td>7</td>
</tr>
<tr>
<td>Superstition</td>
<td>2.17</td>
<td>8</td>
</tr>
</tbody>
</table>

The housing attributes have been sorted according to their rank which comes from the mean. Based on Table 1, the first rank is house price with a mean of 3.43. From the respondent’s demographic data, it can be seen most of the respondents have a low income. Kuala Lumpur is one of the most expensive states which makes the situation for the young working generation worse to own a home. Buying a house within a reasonable price range can help maintain financial security and minimise the risk of being burdened by excessive debt or facing difficulties in meeting mortgage payments. It is important for the young working generation to consider not only house price itself but also associated costs such as down payment, closing costs, and expenses like property taxes and maintenance. The findings of this variable are consistent with past researchers that highlight house prices as the house attributes (Chia et al., 2016; Razak et al., 2013; Salleh et al., 2015).

The second rank is the size and number of living spaces with a mean of 3.42. The findings of this variable are consistent with past researchers that highlight living spaces as the house attributes that influence house buying decision decisions such as Chia et al. (2016) and Mang et al. (2020). For the young working generation who are already married, they would be thinking about raising a family. Thus, small living spaces would not be suitable. Some people would also want a lot number of living spaces, for example, bedrooms, and toilets. Sufficient living spaces also allow for the inclusion of storage solutions like built-in shelving or dedicated storage rooms, which can enhance the overall efficiency and tidiness of the living environment.

The next housing attribute that the young generation is concerned is neighbourhood with 3.38. This indicates that the young working generation prefers to live in good community and surroundings with complete facilities. This finding concurs with a study by Muhammad Zamri et al. (2021). Apart of they would like to live in a nice environment (Hassan et al., 2021), it could be that they are concerned with the crime rate in Malaysia. Thus, neighbourhood attributes influence them in their housing decision-making. The next housing attributes that the young working generation is concerned with are structural soundness and design, followed by housing types and location. Location attributes ranked 6th, ranked third from the bottom. This finding somehow a bit contradicts previous research such as Farasa and Kusuma (2018) and Kam et al. (2018) as location is the main housing attribute that they will look into in housing decision-making. It seems
that location was less important to the young working generation. Perhaps it is because Kuala Lumpur itself has good accessibility to the main road, highway, and public transportation especially trains. It is getting harder to drive private vehicles in cities such as Kuala Lumpur (Mulyano, Rahadi & Amaliah, 2020). Hence, public transport might be one of the young working generation’s choices as they could get to the office in time, shorten the time used, and save money (Smersh & Smith, 2000). Therefore, in terms of location, they might be able to tolerate it as long as the house is located within Kuala Lumpur.

The developer’s image is ranked second from the bottom with a mean of 3.18. This shows that the young generation is less concerned about the developer’s image even though according to Kurniawan et al. (2020) it has a positive influence on housing purchase decisions. Superstition has ranked last with a mean rank of 2.17. This finding contradicts past research such as Chia et al. (2016) and Salleh et al. (2015) superstitions as one of the house attributes that influence house buying decision decisions. It might be because of young generation did not believe in superstition as it lacks scientific evidence or logical reasoning. Relying on superstition can lead to irrational decision-making and may not be aligned with actual information or practical considerations.

5. CONCLUSION

This paper provides a good perspective in exploring the housing attributes that influence the young working generation in Kuala Lumpur in their house buying decision making. The findings show that the house price, size and number of living spaces, and the neighbourhood have the most influence on their house buying decision. Therefore, it is strongly recommended the government and housing developers take these three main housing attributes into consideration in future affordable housing development so that it could increase the homeownership rate of the young working generation in Kuala Lumpur and at the same time reduce the number of overhang units. In addition, this paper highlighted superstition was less influential. Housing attributes play a crucial role besides financial aspects as they could influence the housing buying decisions making. Accordingly, for future research, it would be better to extend the research to identify and evaluate their preferences of each housing attribute to ensure housing supply matches their housing preferences towards housing attributes.

REFERENCES


Olick, D. (2019). This is the “Fastest Growing Trend” In the Housing Industry, and Investors are Rushing in. CNBC. https://www.cnbc.com/2019/07/26/this-is-the-fastest-growing-trend-in-the-housing-industry.html.


