

**HOME BUYERS REQUIREMENTS FOR HOUSING DEVELOPMENT
WITHIN DISTRICTS IN SELANGOR**

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ABSTRACT

Despite its resilience, the residential property sector is getting increasingly competitive and the developers are looking at the slower take-up rates and flattish earnings performance. Property developers have to confront challenges in maintaining market share and profit margin. Many developers have to relaunch the sales of the houses due to the poor sales of the houses. The developers have to keep themselves updated with the current market situation and hence, to develop the strategy that can enable them to boost the sales of the houses. Therefore, this study has been developed with the aim to identify the popular types of houses that are preferred by the buyers, the basic quality and features of the house preferred by different ethnic groups and to identify the various strategies adopted by developers to market the residential houses. The study was conducted through interviews, which was carried out extensively with the successful developers, and also through questionnaires. The data were analyzed using relative index and other non-parametric statistical technique. It was found that the most popular type of house preferred by the buyers is double storey link house. Each ethnic group of buyers has their own preference of the basic quality and features which encourage them to purchase the house. The strategies that the developers have to undertake in order to market their houses are the pricing, using more channels to advertise their products and to provide higher loan margin facilities to the potential buyers.

ABSTRAK

Walaupun kenyal, sektor hartanah kediaman semakin kompetitif dan pemaju memandang kepada kadar ambilan yang rendah dan prestasi pendapatan yang rata. Pemaju hartanah terpaksa berdepan dengan cabaran dalam mengekalkan pegangan pasaran dan keuntungan. Ramai pemaju yang terpaksa melancarkan semula penjualan rumah akibat dari sambutan yang tidak memberangsangkan. Pemaju harus peka kepada perkembangan terkini pasaran dan seterusnya menggubal strategi bagi membolehkan mereka melonjakkan penjualan rumah. Oleh yang demikian, kajian ini telah digubalkan dengan tujuan untuk mengenalpastikan jenis rumah yang popular dan diminati oleh para pembeli; kualiti asas dan pelbagai jenis ciri-ciri perumahan yang diutamakan oleh kumpulan etnik yang berlainan, dan pelbagai strategi yang digunakan oleh pihak pemaju untuk memasarkan rumah kediaman. Cara-cara yang digunakan dalam kajian ini adalah melalui temuduga dengan segolongan pemaju yang telah berjaya dengan secara meluas dan soalselidik. Data yang diperolehi telah dianalisis dengan menggunakan indek relatif dan teknik statistik bukan parametrik. Hasil kajian ini menunjukkan bahawa jenis rumah yang paling popular ialah rumah teres dua tingkat. Setaip kumpulan etnik masing-masing mengutamakan kualiti asas dan ciri-ciri perumahan sendiri yang akan menggalakkan mereka membeli rumah. Strategi yang perlu dilaksanakan oleh pihak pemaju untuk memasarkan rumah adalah teknik menetapkan harga rumah, penggunaan pelbagai saluran untuk mengiklankan produk dan memujuk pihak peminjam supaya memberi kemudahan margin pinjaman yang tinggi kepada bakal pembeli rumah.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter is an introduction to the study. It presents an overview of the study briefly appending the background; specifying the aims; expressing the problem statement; formulating the study process; devising a methodology; setting the report outline and qualifying the scope's limitation.

1.2 General Background

The building industry had always played a very important role and had contributed a significant percentage of growth in our national economy. As reported in the newspaper, there were about 4,500 housing developers registered with the Ministry of Housing and Local Government. (The Star, 13 Oct 2005)

Overall property performance in the market was generally well in 2005 in Selangor with continuing low interest rates and favourable economic climate. That was due to the factors that the power of earning had increased recently. The demand and prices for residential properties, that continue to flourish along the new arterial

highways leading to the city and its regional centres, was expected to increase. That would have caused the developers actively launched their products within the areas.

However, global economic in 2006 was not looking very rosy as oil price continue to soar and the steroid-pumped economic started to slow down (The Star, 29 Dec, 2005). Property generally would be one of the first industries to feel the pinch of inflation, and it had certainly made itself felt recently. A looming oversupply appeared to have slowed sales across the board. However, that did not mean that people were not buying the properties. On contrary, checks showed that conditions was still favourable for home ownership despite the possibility of higher rate, weak stock market sentiment and some uncertainty in the global economy. No doubt, there were simply too many products available in the market. Many of the unsold units would be brought forward to 2006 and worse still when there were fresh supply of the property stocks, developers could only blame themselves when the market further consolidated.

A successful property developer usually sees market leading and market driven products. The current as well as anticipated market conditions and the competition, it is clear that a developer has to have the correct marketing efforts. The decision on the product is most critical.

1.3 Problem Statement

The residential property sector, despite its resilience, is getting increasingly competitive and developers are looking at slower take-up rates and flattish earnings performance this year (The Star, 20 March 2006). Maintaining market share and profit margin are the big challenges confronting all property developers during these times. Many of them have quietly admitted that sales have been slowed especially in the last quarter of 2005. This was evident from the repeated re-launch of their products. It has turned to undeniably buyers' market at the moment. The effect on the market sentiment

have resulted in the downfall of some developers which tend to be followers, not undertaking the necessary research to ascertain the size, types of demand (including the housing features), and the applicability of effective strategy in promoting houses to the new markets. This was also a setback for the national economy growth.

Therefore, the developers would have to determine what the market actually needs and develop an effective strategy to enhance their property sales in order to stay competitive in the building industry such as the market needs, the type of houses to be built and sorts of housing features that would have impacts on the demand of houses in the market, and how to overcome the market sentiment.

1.4 Aim and Objective

The aim of this study is to identify the preference of type of houses of the potential house buyers, their requirements of the housing quality and housing features and lastly the common market strategy implemented by the developers.

To achieve the above aim, the following objectives have been deliberated for this study:

1. To identify the popular type of houses preferred by the potential house buyers.
2. To identify the basic quality and features of the house preferred by different ethnic group of house buyers.
3. To identify the various common strategies adopted by developers to market residential houses in current market.

1.5 Scope of Study

The scope of this study was been focused on the development of residential houses in Petaling; Klang; Gombak and Hulu Langat in Selangor, which formed part of Klang Valley but excluding low cost houses and area in Kuala Lumpur due to the fact of huge different in building and land costs and it is belongs to government control item. After interview with a panel of successful developers, it has concluded that the types of houses would be classified into six (6) categories in this study as they are the most common types of house built by the developers in Malaysia. They are single-storey link house; double-storey link house; 2½ storey link house; semi-detached house; bungalow and condominium/apartment. The data obtained for the report were collected mainly from sources in the areas and the attention was paid to the specific references, developers and end-users due to time constraint.

1.6 Brief Methodology

The study was conducted mainly through 2 (two) methods, namely:

i) A literature review was conducted encompassing all the various means to the obtainment of the widest range of the relevant information from books, articles, Journals, magazines, newspapers, reports conference papers related to housing development projects, type of houses been built, home features and the marketing strategy implemented by property developers.

ii) Structured interview was been carried out with property experts and a survey viz. questionnaires to obtain data from the end-users and property developers. Therefore, the respondents were typically the end-users and the developers with particular emphasis given in feedbacks based on their respective experiences and needs.

The study process might be best summarized by the flow chart in Figure 1.1:

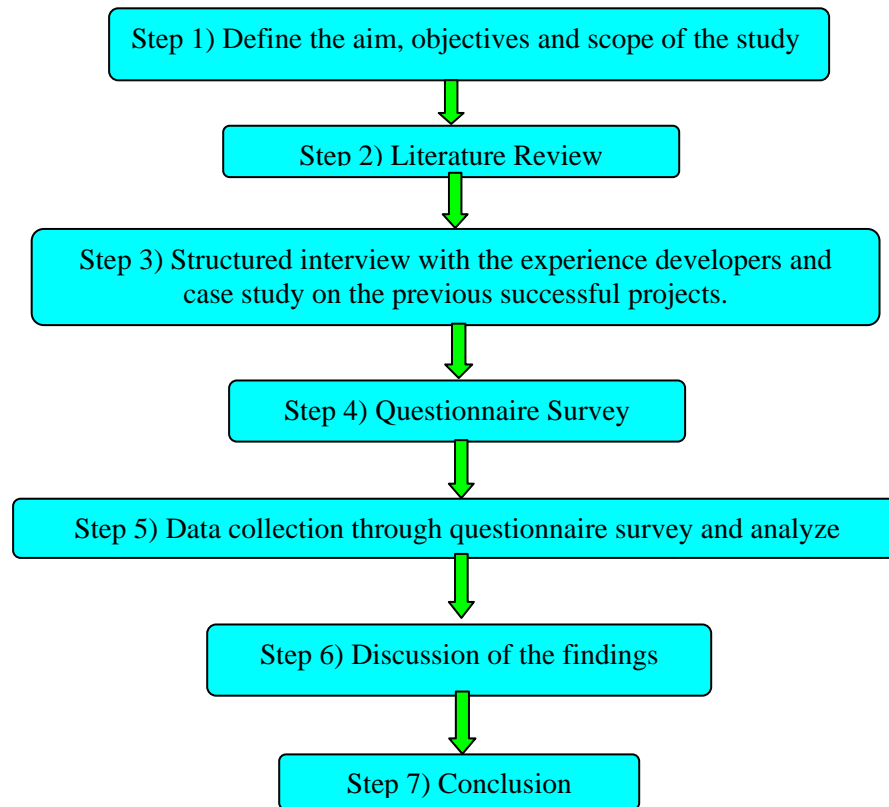


Figure 1.1: Study flow chart

1.7 Report Outline

The report was laid out in seven main chapters. This chapter, the first, introduced the report outlining aims and objectives, and presenting a general overview of the paper.

Subsequently, the second chapter described the work flow of the housing development processes start from the project inception stage which involved land matters; feasibility study; planning and product development.

Chapter Three, discussed the outlook and demand of type of residential houses; house features; the implementation of developers' strategies to enhance the demand of their houses in the market.

Chapter Four described the selection and the procedures of the methodology used in the study together with the discussion of preparation of the questionnaire survey and its limitations.

In Chapter Five, it showed the collection of data through questionnaire survey; tables and figures and the analysis.

Followed by Chapter Six, was the discussion of the results or research findings.

And lastly, Chapter Seven was the conclusion, which outlined various steps and safeguard to either enhance or ensure the success of the properties develop by the developers.

1.8 Significance of Study

The report should briefly summarize the demand of type of houses in Gombak; Petaling; Klang and Hulu Langat, districts within Selangor; the housing features which influence the demand of houses in the market; the various developer strategies and the effectiveness communication tool in promoting houses, due to the importance and the key roles played by the industry in the overall Malaysian economy and the contribution to the growth of the same.

It was envisaged that the study would be beneficial to all relevant parties involved in the construction industry ranging from those involved in academic research; students; end users; developers as well as the various practitioners in the industry.

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