

FACTORS AFFECTING PRICE OF HOUSES FROM DIFFERENT
STAKEHOLDERS PERSPECTIVE

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DEDICATION

To my beloved ones

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Alhamdulillah, praise to Allah for giving me the strength, blessings and the patience to complete this study successfully. This study wholeheartedly dedicated to my beloved family who have been my source of inspiration and give me strength when I thought of giving up continually provide their moral spiritual, emotional and financial support.

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ABSTRACT

Fast economic development has resulted in associate increasing demand for residential housing among urban areas in Malaysia. Looking at the housing price in Malaysia, the price has increased dramatically. The purpose of this study is to provide an analysis on the factors affecting price of houses from different stakeholders. The objectives of this study are to determine the critical factors that affecting price of house, to rank the factors affecting price of houses according to the different stakeholder's perspective and to provide an analysis on the factors affecting price of houses. There are four types of stakeholders included in this study which are from group of purchaser or buyer, developer or client, contractor or subcontractor and architect or consultant. The objectives are to identify the critical factors that influence price of house, to rank the affecting factors according to the different perspectives and to provide analyse on the affecting factors. Three parts of questionnaire survey were prepared; section A mainly on demographic information, section B is about ranking the selected influence factors and section C asking about respondent opinions. Questionnaire survey using face-to-face approach was conducted and a total of 60 responses were collected. Quantitative analysis was used to analyse the ranking factors in section B while thematic analysis used to analyse respondents point of views towards the current price of houses and other factors affecting price of houses as stated in Section C. The result showed that the top three factors that influence the housing price from the buyer or purchaser perspective is location of the house, land ownership price for development and eligibility of home loan, meanwhile from the developer or client's perspective are land ownership price for development, gross domestic product and location of the house. Finally, from the contractor or sub-contractor perspective are land ownership price for development, location of the house and cost of construction materials meanwhile from the architect and consultant perspective are location of the house, gross domestic product and land ownership price for development. This study provide insight on the distribution of housing prices component and help in providing information for future study on regulating the house prices in Malaysia.

ABSTRAK

Pembangunan ekonomi yang pesat telah menyebabkan permintaan meningkat untuk rumah kediaman antara kawasan bandar di Malaysia. Di Malaysia, harga rumah terutama di sekitar Kawasan bandar telah meningkat secara mendadak dalam tempoh yang singkat. Tujuan kajian ini adalah untuk memberikan analisis faktor-faktor yang mempengaruhi harga rumah daripada pihak berkepentingan. Terdapat empat jenis pihak berkepentingan yang dari sekumpulan pembeli, pemaju atau pemilik, kontraktor atau sub-kontraktor dan arkitek atau perunding. Objektif adalah untuk mengenal pasti faktor-faktor kritikal yang mempengaruhi harga rumah, menyusun tahap faktor yang mempengaruhi mengikut perspektif yang berbeza dan untuk menyediakan menganalisis faktor-faktor yang mempengaruhi. Terdapat 3 bahagian kajian selidik telah disediakan, di mana Seksyen A adalah mengenai maklumat demografi, Seksyen B adalah mengenai kedudukan pengaruh faktor dan Seksyen C adalah mengenai soalan terbuka. Tinjauan soal selidik menggunakan pendekatan muka-ke-muka telah dijalankan terhadap responden yang disasarkan. Terdapat sejumlah 60 responden telah dikutip yang bilangan responden telah dibahagikan sama-rata. Pengumpulan data telah dilakukan dengan mengumpul maklumat soal selidik dan menganalisa maklumat tersebut. Analisis kuantitatif digunakan untuk menganalisis faktor-faktor ranking manakala analisis tematik digunakan untuk menganalisis responden menunjukkan pandangan ke arah harga semasa rumah dan faktor-faktor lain yang mempengaruhi harga rumah. Hasil kajian ini memberi menganalisis kebanyakan dan paling berpengaruh faktor oleh pangkat dari setiap responden kumpulan. Hasil kajian menunjukkan bahawa tiga faktor utama yang mempengaruhi harga perumahan dari perspektif pembeli adalah lokasi rumah, harga pemilikan tanah untuk pembangunan dan kelayakan pinjaman perumahan sementara daripada pemaju atau pelanggan adalah pemilikan tanah harga untuk pembangunan, keluaran dalam negeri kasar dan lokasi rumah. Daripada perspektif kontraktor atau sub-kontraktor adalah harga pemilikan tanah untuk pembangunan, lokasi rumah dan kos bahan pembinaan sementara dari sudut arkitek dan perunding adalah lokasi rumah, produk domestik kasar dan pemilikan tanah bagi pembangunan.

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LIST OF ABBREVIATIONS

GDP	-	Gross Domestic Product
RPGT	-	Real Property Gains Tax
DSMM	-	Department of Survey and Mapping Malaysia
IBS	-	Industrialised Building System
LRT	-	Light Rail Transit
CCTV	-	Closed-circuit television

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CHAPTER 1

INTRODUCTION

Housing is a simple need that can enhance pleasant of existence. Is the fundamental social condition that defines the best of life and welfare of the humans and places. Where homes are located, how well they are built and designed, and the way well they may be modelled in to the environment, social, cultural and financial fabric of communities are attributes that in a way have an effect on the everyday lives of humans, their security, health and wellbeing (Golubchikov and Badyina 2012).

Own a house is challenging as a result of the housing loan is that the costliest household expenditures and it's one among the most important investment selections for many of the individuals (Ooi and Lee, 2011). It's indicated that since Asian country could be a free economy country, the government would not manage the property prices. Therefore, the housing value in Asian country is freely floating in keeping with its determinants. Value were too low compared with their basic values. Therefore, the rising housing value is traditional as a result of it's convalescent from the previous crisis.

The housing cost is attempted to be an awfully necessary issue to persuade a country's economy throughout the cash crisis mainly to advanced countries. In keeping with the study by means of Wibowo (2009), the development enterprise in developed nations had contributed round 7% to 10% while underdeveloped countries have 3% to 6% contribution from industry to the critical GDP. Supported the facts record by means of Department of statistic Malaysia (Tan, 2010), the improvement change had contributed around 4.8% to actual GDP in Malaysia in 1997 compare to 3.5% in 1990.

Hlavacek and Komarek (2009) declared the growing charge of housing fee and busts collectively with the mispricing of subprime mortgage loans is generally stated a number of the principal necessary elements of the crisis. Therefore, the monetary institution has the obligations to realize and concern the determinants of housing cost. Glindro et al. (2011) realized that there are two sorts of view which are discouraged view and positive view concerning the housing bubble in Asia. The discouraged view claims that almost all of the international locations have overrated their housing value and additionally the fee can face downward correction inside the close to future. In contrast, the constructive view claims that since economic condition became happened, the housing value had been too low in comparison with their basic values. Therefore, the growing housing fee is traditional as a result of it's convalescent from the previous crisis.

The different physical attributes have different locations which the housing value is differed from one place to a different place. The nearer the house to the city, the higher the housing value would reach. This is often as a result of the homes regarding the city have the convenience benefits once family move to the town and the household may save plenty of your time and fuel compared with the house that secluded from town.

Moreover, in 2006, the Malaysia government had targeted 63,777 units of affordable houses. These units are distributed in whole Malaysia as well as Sabah and Sarawak. The most inexpensive homes were inbuilt KL, that have 34,106 units over 63,377 units, or 53.81% of the general inexpensive homes. In keeping with study by (Yahaya, 2011), only 32.7% of households in Malaysian capital are afforded to shop for their own house in 2002.

1.1 Study background

Housing has been the long focus of urban development and social and economic policies. The potency and effectiveness of housing delivery systems need housing provision for all (Tan,2008). Despite the advantages of homeownership and also the motivations for people to possess a house, affordability has become a crucial issue. Quigley & Raphael (2004) notice that individuals' issues over the affordability of housing are supported 2 main factors. there's housing is that the single largest expenditure element within the budgets of most people and families, and plenty of metropolitan areas have knowledgeable about a rise in housing costs and rentals. Quigley and Raphael (2004) additional argue that the topic of 'affordability' has become unclear as a result of it addresses various problems, together with housing worth, housing quality, distribution of menage financial gain, borrowing ability of a menage, public policies touching the housing market and also the decisions that individuals create on the value they're willing to pay to possess a house.

Nowadays the affordability to own a house becomes critical issues towards the youth or even elder ages to own a house. It's additionally a crucial element of the urban economy. These have leads to the strategy of policies aimed toward making certain that each one Malaysians have the prospect to get an applicable place to remain and alternative connected activities. Housing developments in Malaysia are been involved by each party which are the public sector or the private sector, in terms of low, medium and high-cost of homes.

Malaysia government specialise in housing provision is targeted towards the low-income cluster. the supply of housing for alternative Malaysians is by the personal (Tan, 2013), that focuses on high-end, overpriced homes. though the govt needs personal housing developers to produce reasonable homes in their residential development comes, the damage of these homes continues to be comparatively high. In recent years, quick economic development has resulted in associate increasing demand for residential housing among urban areas in Asian nation (Jarad et. all, 2010). Reviewing the housing prices in Asian nation, the prices have appreciated dramatically whether or not in major cities or smaller cities and looking out on specific location. per the (Central Bank of Asian nation, 2010), Malaysian households at finish of 2010 attained RM 581 billion or

76% of the value, and basing from their income, the households are disbursal concerning half their financial gain to pay off their debts.

According to financial institution of Asian nation (2010), its annual report reveals that the biggest portion of the Malaysian menage debt goes to paying off housing loans. per the report, Malaysians combat AN increasing quantity of housing loans owing to rising house costs, low or negative interest rates, and speculative activities. The annual report from financial institution of Asian nation (2010) shows robust indicators suggesting that house costs and therefore the ability to service housing loans are overstretched in Malaysia.

Nowadays, human desires for housing increase because the population of every country become larger. So, there are numerous corporations that are providing homes. Housing market is nearly the identical with the other business markets. However, this type of market involves an enormous quantity of consumer's disbursal, and it would be the biggest quantity of cash that human will pay in their life. As time goes by, the costs of the homes are overpriced, and it's visiting rise and rise once more over the amount. this type of condition is because of the inflation, increment, and increasing material prices that is employed within the homes business.

House is wherever we tend to live and build family. The commercialism of homes can also be used as investment. Therefore, the costs of house keep rising. the stress and provides of the homes in Malaysia are suffering from some various factors. However, it's not solely in Malaysia, there's conjointly same state of affairs within the different countries. The thought of the many aspects is going to be moving the demand of homes. it's going to be regarding the costs of the homes and therefore the different substitutes properties (flats, condominiums) the situation, size, or the models of the homes. Therefore, the patrons should suppose showing wisdom in selecting the house they require to shop for as a result of this home is terribly necessary for every of people.

1.2 Problem Statement

Price of house is one of the top issues among Malaysians to own a house been increasing tremendously. A lot of factors had been discovered to determine the problem. Most of the problem occurs for medium and low household's income where Malaysians found difficulty to own a house. A study needs to carry out and focus on four stakeholder's category which are developers, contractors, consultant and purchasers. This study analysed the factors according to the most or least influential factors by the groups. Different group have different perspective of what they experienced which may influence cost of house.

1.3 Aim of the study

To determine critical factors that affect the cost of housing according to perspective of multiple stakeholders.

1.4 Objectives the study

1. To identify the critical factors that influence cost of houses in Malaysia.
2. To rank the affecting factors of houses according to the different stakeholder's perspectives.
3. To provide an analysis on the affecting factors of the houses.

1.5 Scope of the study

This study significantly attempts to determine the factors that influence the cost of housing from different perspectives which focused on four respondent categories. These four categories include developer or client, consultant or architect, contractor or sub-contractor, and purchasers or buyers. This study was conducted using a questionnaire to get the data. The modes of the questionnaire had been in face-to-face approach and online survey. Moreover, this study provides analysis on the least and most influential factors by ranking them by the respondents. This study gives an idea and educates people in Malaysia to have a knowledge about the factors that might face when there are significant factors changes lead to affect the cost of housing. Thus, it gives the most effective views of influence factors from the respondents.

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