

**MATCHING THE NEEDS OF YOUNG FIRST TIME HOUSE BUYERS IN  
URBAN AREA**

**ANG YEE HONG**

**A project report submitted in partial fulfilment of the  
requirements for the award of the degree of  
Bachelor (Hons.) of Quantity Surveying**

**Faculty of Engineering and Science  
Universiti Tunku Abdul Rahman**

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## DECLARATION

I hereby declare that this project report is based on my original work except for citations and quotations which have been duly acknowledged. I also declare that it has not been previously and concurrently submitted for any other degree or award at UTAR or other institutions.

Signature : \_\_\_\_\_

Name : ANG YEE HONG

ID No. : 08UEB03939

Date : 6 APRIL 2012

**APPROVAL FOR SUBMISSION**

I certify that this project report entitled “**MATCHING THE NEEDS OF YOUNG FIRST TIME HOUSE BUYERS IN URBAN AREA**” was prepared by **ANG YEE HONG** has met the required standard for submission in partial fulfilment of the requirements for the award of Bachelor of Science (Hons.) Quantity Surveying at Universiti Tunku Abdul Rahman.

Approved by,

Signature : \_\_\_\_\_

Supervisor: Dr. Chia Fah Choy

Date : 6 April 2012

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Specially dedicated to  
my beloved father, mother, sister, brother and friends

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## **MATCHING THE NEEDS OF YOUNG FIRST TIME HOUSE BUYERS IN URBAN AREA**

### **ABSTRACT**

The property developers need to understand the needs of young first time house buyers in house purchase. There are differences in the motivation of buying decision of house purchasers and the residential properties development of the developers. A review of the literature on the reasons of staying in urban area, the factor driving changes of housing price and the needs of young first time house buyers were conducted. The questionnaire surveys were responded by 110 participants. Factor analysis has been adopted and seven principal factors were extracted from thirty factors included in the questionnaire. The seven factors extracted are fundamental needs, quality living, well-planned amenity, healthy environment, human comfort, harmonious community and property value. Other than that, there are specific factors that affect choice of house for young house buyers such as quality building materials and finishes, geographical locality, natural fresh air and government subsidy. The housing price is not the main factor to be considered by urban young house buyers. The government subsidy is one of the factors in helping them to afford a house. This finding could be applied by the developers to develop the residential properties to meet the needs of young first time house buyers in urban area.

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background

The urban housing economic modelling of the relationship between house prices and the housing preferences of households, and local factors that determine the consumer's choice of specific residential environments has existed for a long time (Kauko, 2006). In the past few years, property prices in Malaysia have appreciated dramatically between 20% and 80% (Yee, 2012) whether in major cities or smaller towns and depending on specific location. In 2012, the general trend will be a slowdown due to declining liquidity, borrowing capacity and sentiment (Yee, 2012).

First-time property buyers are often fraught with indecision but such indecisiveness can prove to be a costly mistake (Sim, 2012). Young first time house buyers are in the age group of 21- 30 that include those who are fresh graduates, lower monthly salary, few years experience in working life, first time house buyers and who are stepping into married life. Besides, they are proceeding to the next stage of life to have their own house.

There are two types of buyers, one who is buying out of need and the other out of fear that prices would go up further (Cheng, 2012). The needs of buyers are increasing by following the appreciation of property prices. People demand for a better value of money in purchasing a house. There are long list of needs such as

security, facilities, design, size and etc. that will influence the choice of house purchase.

## **1.2 Problem Statement**

The perception and satisfaction are very personalising. The property developer has to meet the needs of the house buyers. On the other hand, the monthly salaries of young first time house buyers are yet to meet the affordability of owning a house.

## **1.3 Aims and Objectives**

The aim of this research is to find out the young first time house buyers' needs in deciding of house purchase.

In order to fulfil the aim, the objectives of this research are set as below.

1. To find out the influencing factors in house purchase in general.
2. To discover the important living criteria of urban young people.
3. To determine the preferences of young first time house buyers in the urban area.

## **1.4 Research Method**

This study begins with reviewing of the published records from newspapers, magazines and Internet. It will be followed by questionnaire survey include age group, current living city, monthly income. Other information will be collected are preferred type of house and consideration factors of house purchase.

## **1.5 Limitation**

The limitation is that there might be respondents who are not willing to reply the questionnaire surveys or late reply. Another limitation is that the questionnaire surveys are sent to different regions.

## **1.6 Report structure**

This chapter provides a background of urban housing in between the property price and preferences of household, the background of young first time house buyers and the needs of buyers. Moreover, the aim and objectives, research method as well as limitation are discussed.

Chapter 2 reviews the published literature on the reasons to stay in urban area, the trends to move into urban area and whether the property price is one of the influencing factors. Furthermore, the needs of buyers will be characterised, which are ultimate necessity, living quality and environment, well-planned development, healthy environment, relaxing and comfortable home, harmonious community and appreciation of property value.

Chapter 3 is about the use of research method and data collection method. Other than that, the research instrument of questionnaire survey and data analysis methods such as descriptive statistics, factor reduction method, reliability test and nonparametric test are to be discussed.

Chapter 4 discuss the analysis of data collected and interpretation of data. Firstly, the background of respondents is to be ascertained. Then, the analysis such as competence of results, total variance explained, scree plot, reliability analysis, descriptive statistics and nonparametric test are to be carried out. All analysis must to be interpreted so that the research is at a more understanding stage. The



interpretations are the preferences of young house buyers, specific factors in house purchase and the influence of property price.

Chapter 5 is the conclusion for the research. The report is continued with the reviews of the research, implication from the research, limitation and recommendations for future study.

## CHAPTER 2

### LITERATURE REVIEW

#### **2.1 Introduction**

Section 2.2 discusses the reasons of people choose to stay in urban area. Section 2.3 is the analysis if there is a shifting trend from suburban area to urban area. Section 2.4 explains whether the housing price is a main factor in deciding the house purchase. Section 2.5 identifies the needs of young first time house buyers. Section 2.6 summarises this chapter.

#### **2.2 Why People Choose to Live in Urban Area?**

The basic assumption is that different places generate a different outcome in terms of spatial housing market dynamics, locality components of property value and locality preferences (Kauko, 2006) such as living in the urban area will be filled with good facilities, concierge services, location and finishes, which provide convenience for the residents (Wong, 2010).

Moreover, living in the city is usually much more expensive such as a higher rent for per square foot space, convenient store items and the like are on average more expensive. However, in these environments, everything is in the same vicinity which making it very easy to move about (Urban Living Versus Suburban Living,

2009). Furthermore, a city is associated with a faster pace of life, better range of activities with bigger crowds.

Moreover, a greater diversity of economic activity shall be encouraged in the city centre particularly in the fields of tourism, healthcare and higher education. This diversification will help to expand the city's revenue base and reduce its susceptibility to fluctuations in certain commercial sectors (Kuala Lumpur Structure Plan 2020, 2011).

### **2.3 Is There a Trend in Shifting into Urban Area?**

There are more and more people moving into the urban area that is the Kuala Lumpur city centre (Property Market Report 2010, 2011). There are demand from private households for accommodation and the location demands of companies, in conjunction with economic cost or benefit considerations (Organisation For Economic Cooperation And Development, 1999).

Jaafar (2004) studied the urbanisation trend that the share of urban population in Malaysia had rose dramatically from 26.8 % to 61.8 % during the period of 1970 to 2000. The increment of urban growth within each population size class has the implications on the adequate housing, facilities, amenities and other related provisions (Jaafar, 2004).

There will be different opinion from different class of people such as different range of age, individual's preferences, needs and other relevant reasons. There are groups of people who are not favourable to stay in urban area such as retirees and individuals who want to experience with more radical lifestyles (Robinson, 1981). Furthermore, it is known that a city is noisier, more pollution, and suffer higher crime rates. In addition, some people find the faster pace too hectic, and have a difficult time making connections with other people in a society always on the go (Woolz, 2009).

## **2.4 Is the Housing Price a Main Factor?**

The house price fluctuations may significantly amplify the effects of macroeconomic shocks such as supply and demand, or monetary policy shocks and non-fundamental movements or bubbles in house prices may give rise to imbalances in the economy and financial system. The residential property accounts for the largest part of the overall property stock, house price movements are not necessarily fully representative of the price developments in other property markets (Goodhart & Hofmann, 2007).

The key question is what the relation is between specific spatially identifiable housing market characteristics and house price level. The different market segments being separated from each other based on their structural price differences along a quality continuum from high to low (Kauko, 2006).

It continues with the affordability of housing, which it can be increased by allowing greater flexibility in the construction of homes. Moreover, the promotions of community-run savings and credit schemes can also enable low income households to afford house (Kebbede, 2004). Furthermore, affordable housing is not just for the wealthy but in almost any city in the world has long relied on government subsidy (French, 2006).

## **2.5 What are The Needs of Young First Time House Buyers?**

### **2.5.1 Ultimate Necessity**

Needs provide the basic level of support and function in open space. They are the prerequisite for having an enjoyable landscape experience and provide basis for much design criteria. There is a range from the need for basic access to requirements for comfort such as a comfortable place to sit and relax without being hassled, and passive or active engagement (Francis, 2003).

The quality of air in living is another need for buyers as the effects of air pollutants may cause the increased of mortality, serious illness or potential hazard to human health. It is highly unhealthy for organs and system such as respiratory system, cardiovascular system, nervous system, urinary system, digestive system and exposure during pregnancy (Marilena Kampa, 2008).

Besides, the nation's public transportation infrastructure such as highways, bridges and transit systems that allow for the essential movement of people and goods (Fleming, 1997) is one of the needs. In addition, congestion management systems are mandatory to develop for all transportation management areas.

### **2.5.2 Living Quality and Environment**

A city's liveability will often mean how attractive it is to people and business (Ng, 2011). A better quality of living environment in urban area includes the quality of local schools, rating of the quality of house next door and on the block, within walking distance of public transit or commuter rail station, existence of zoning or restrictive covenants versus their absence and previous price increase in neighbourhood to capture expectation of future price increases (McDonald & McMillen, 2010).

In addition, McDonald & McMillen (2010) also mentioned that such area provides public goods and services such as the main local hospitals and health care, educational institutions, community development and planning, large shopping centres and etc. which are convenient for the urban living residents.

The use of materials, design and landscaping are of increasingly high quality, creating a visually attractive environment (Hanley, 1993). The combination of design and layout, environmental responsiveness, the quality of workmanship and materials, the provision of utilities and facilities, landscaping, maintenance and upgrading, all play a part in the total housing environment are one of the advantages in urban living (Kuala Lumpur Structure Plan 2020, 2011). However, Hanley (1993) mentioned that

the latter is instead being set by concern for wider environmental issues within the city, for example, air quality, congestion, noise and the city's contribution to the solution of wider global issues such as the greenhouse effect and acid rain.

### **2.5.3 Well-planned Development**

Development is a process that sets out to achieve progressive advancement to the human condition, involving taking action and attaining material growth and social fulfilment over time. A well-planned city is knowledge linkable with action; improves humanised and natural environment; focuses on the future; designs artfully and redesign thoughtfully and balances socio-economic-environmental outcomes (Riddell, 2004).

The urban development has a key role in promoting a healthy environment that has complete physical, mental and social well-being and not merely the absence of disease or infirmity. In addition, the lifestyle and household decisions shape health, but these decisions are constrained by the economic and social opportunities, income, education and quality of the environment experienced by the household's members. In making the planning of development in terms of space, infrastructure and land-use zoning, the approach based on estimating and providing for future necessity of communities are developed (Barton & Tsourou, 2000).

In improving the growth of area, a strategic location applies to attract attention in the market. Living in a strategic residence, people will want to be relatively close to their job and shopping but not so close that there is a lot of traffic in their neighbourhood (Friedman & Harris, *Keys To Investing A Real Estate*, 2005).

The economic growth is the basic human needs (BHN) approach with aims at providing the poor with several basic commodities and services which connecting the concern of human capital as well as improving the quality of human resources (Grabowski, Self, & Shields, 2007). Moreover, the growth of development means the market is expanding. Furthermore, it is to combine self-sustaining growth; structural

changes in patterns of production; technological upgrading; social, political and institutional modernisation and widespread improvement in human conditions (Adelman, 2000).

#### **2.5.4 Healthy Environment**

Individual's sense of well-being and security as well as productivity is directly affected by the state of health and expectations of a healthy life for families and communities. The understanding of dynamics of disease helps to illuminate the relative risks of urban populations and there is an increased risk in urban areas due to pollution and other factors in environmental health (Bernstein, 1996).

The characteristics of a health urban area are a clean and safe physical environmental of high quality; stable and strong ecosystems; basic needs of all inhabitants met in terms of food, water, shelter, safety and employment; and high levels of positive health outcomes and low levels of morbidity (Great Britain: Royal Commission on Environmental Pollution, 2007). These are increasing the environmental awareness and changes in household behaviour, which leads to improve the living conditions and quality for effective services (Bernstein, 1996).

The ownership of urban dwellings can lead to substantial environmental improvements in and around the household and improves the quality of life in order to stimulate good health. Quality housing can improve people's physical and mental health, increase work productivity and create greater employment opportunities (Kebbede, 2004).

### **2.5.5 Relaxing and Comfortable Home**

The building energy consumption depends on the indoor environment performance criteria and building systems design as well as operation or performance to meet the building sustainability. The function of a building is to provide safe, healthy and comfortable indoor environment for occupants to live and perform the daily activities productively and in harmony with its surrounding urban and natural environments, while optimising the use of resources during service life for people and the natural environment (Mora, Bitsuamlak, & Horvat, 2011).

The building's form must modify the intensity and distribution of daylight to create appropriate luminous environments to avoid negative effects on people due to excessive daylight. Moreover, the fenestration must avoid excessive thermal and visual solar gain resulting in occupant discomfort and the brightness as well as distribution of sunlight must be controlled to avoid glare (Araji, 2009).

Other than that, government has helpful hand in providing human comfort to residents. The legislative and executive branches of the federal government have long recognised the challenges facing innovation in housing and have supported efforts to increase innovation. However, increasing innovation is difficult for individual homeowners, homebuilders and significant portions of the industry (Hassell, Wong, Houser, Knopman, & Bernstein, 2003).

### **2.5.6 Harmonious Neighbourhood**

The neighbourhood is one of the valuable systems that it provides one another with a range of practical and emotional support and these connections provide psychological advantages by strengthening the human community and recognising the importance of interdependence (Parada, Barnoff, Moffatt, & Homan, 2007).



Culture is widely acknowledged as a major means of creating and strengthening people's links to neighbourhood and building a space bound collective and individual identity. One of the main and most emphasised challenges of contemporary city and neighbourhood cultural policies is not their ability to strengthen and preserve communities but to help people to build future-oriented communities and make communities synergistically co-exist (Council for Cultural Co-Operation, Council of Europe, 1998).

The security of residential area is one of the development has to be implemented. The housing management plays an important role in public security and safety to ensure public awareness of security and safety issues are increased. Moreover, it is necessary to hire private guards who are professionally trained, experienced and have relevant legal knowledge (Segbers, Raiser, & Volkmann, 2005). The location security is of greater concern than ever, noting that location information or systems are now used for critical aspects of many applications and services related to personal, business and national security (Buehrer & Jia, 2011).

### **2.5.7 Appreciation of Property Value**

Statistics showed that the volume and value of property transactions are increasing from year to year in the country (Valuation and Property Services Department, 2010). One way in increasing the property value is when the demand for space exceeds the supply, rental rates tend to rise and vacancy rates fall. Moreover, it depends on the supply of competitive real estate investments and on the demand for real estate investments by investors (Fisher & Martin, 1991).

Each locality is unique and the adjustment is often subjective (Friedman, Harris, & Diskin, 2009). Value refers to what a piece of property is theoretically worth under certain circumstances (Schram, 2006). A property in urban area that is a place with a very high population density compared to the surrounding area (McDonald & McMillen, 2010) will be more expensive compare to a suburban area.

Besides, buyers who are privately owned homes are not left to deteriorate but have to make improvements and hence the value of homes is continue to increase. Moreover, value accrues in the house over time (Kebbede, 2004). Property that is capable of producing income has a value to buyers who are willing to purchase real estate in anticipation of return on their investment (Fisher & Martin, 1991).

## **2.6 Summary**

There are advantages and disadvantages in urban area, which the perceptions are different for each individual. Besides, there is a study proven that the urban population is getting higher from period of years. The housing price in the market will be fluctuated due to economy issues and the affordability is within the boundary. Other than that, the needs of young house buyers are distinguished, which are ultimate necessity, living quality and environment, well-planned development, healthy environment, relaxing and comfortable home, harmonious neighbourhood and appreciation of property value. Next chapter will discuss the research methodology.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### **3.1 Introduction**

The quantitative research is the most suitable for this study. Moreover, the data collection method will be discussed, as it is used to identify the methods of obtaining relevant information. In addition, data analysis methods such descriptive statistics, Kaiser-Meyer-Olkin, Bartlett's test, factor analysis, reliability analysis, one-way analysis of variance and nonparametric techniques will be carried out to ascertain the result of this research.

#### **3.2 Research Method**

The quantitative research generates data that can be converted into numbers for a statistical review. The purpose is to discover the opinions and thought of respondents. Moreover, it is suitable to implement for large number of people to obtain more reliable results. The scales of satisfaction and the results are to be observed by using the method of rating the importance of factors by respondents. The results are then to be discussed and interpreted.

One of the advantages is the quantitative research is objective about the findings of research. Furthermore, it has the ability to measure the results by using statistics method. In addition, the independent variables and dependent variables are to be studied.

### **3.3 Data Collection Method**

There are two sources have been used for the research. The primary data is newspaper, while the secondary data are textbooks and journals. The purpose of collecting data is to maximise the accuracy of the meaning from respondents. Moreover, it is a random sampling as it is not necessary to state the professions and yet fulfil the predetermined responses. Then, the results are easy to summarise and compare the differences (Data Collection Methods, 2004). Moreover, the data collection is a non-probability sampling techniques can often be viewed in such a way because units are not selected for inclusion in a sample based on random selection.

### **3.4 Research Instrument**

The research instrument been used is questionnaire that in the form of closed questions. The method is implemented by spreading out a set of questions to people in order to collect information about people's attitudes, thoughts and behaviours of a large group of people (Lanthier, 2002). Moreover, the questionnaire is a straightforward method to study preferences of people and it is a more accurate way in conducting a survey.

The questionnaire is divided into two parts. The first part consists of 30 factors for respondents to rate the factor importance which 1 = very unimportant, 2 = unimportant, 3 = moderate, 4 = important and 5 = very important. The second part of the questionnaire is about the background of respondents such as their age group, current house members, current city, monthly income and preferable type of house.

### **3.5 Data Analysis Methods**

It is necessary to know which methods to be used to analyse the collected data. The descriptive statistics of respondents' background are to be analysed, which are age group, monthly income, current living city and preferred type of house.

The Kaiser-Meyer-Olkin (KMO) is tested to ensure whether the partial correlations among the variables available of the correlation matrix are small (Field, 2005). In addition, a value close to 1 indicates the correlation patterns are relatively compact. The values between 0.8 and 0.9 are great.

Besides, the Bartlett's test has been carried out to test the null hypothesis is from population with equal variances (Snedecor & Cochran, 1989). All correlation coefficients are zero value if the correlation matrix is an identity matrix. A significant test is to be tested which the value is less than 0.05 to show that the correlation matrix is not an identity matrix.

The analysis of total variance explained, scree plot and rotated factor matrix are produced by the factor analysis. The rotated sums of squared loadings help to improve the interpretability of components (Field, 2005). It is also a kind of structure simplification to strengthen the stronger variable to become stronger and to weaken the weaker variables to become weaker.

The reliability analysis procedure calculates a number of commonly used measures of scale reliability and also provides information about the relationships between individual items in the scale.

The nonparametric techniques are used when serious violation of distribution assumptions of parametric tests has occurred. It is appropriate for data measured on scales that are not interval or ratio (Coakes & Steed, 2006).

### **3.6 Summary**

The method of data collection and the way to conduct the survey for the research have been discussed as well as the types of analysis. The functions of each test are described for understanding. Next chapter will report and interpret the results obtained from the questionnaire survey.

## CHAPTER 4

### RESULTS AND ANALYSIS

#### 4.1 Introduction

The results of questionnaire survey are analysed in this chapter. Section 4.2 provides the background of respondents. Results of factor analysis are presented in section 4.3.1. In addition, reliability test is included in section 4.3.4 to study whether the analysis are significant. Section 4.4 discusses this analysis with respect to young buyers' preferences, specific factors in house purchase and the influence of housing price. Section 4.5 is the summarises this chapter.

## 4.2 Overview of Data Collected

### 4.2.1 Background of the Respondents

There are 110 participants in this survey. In Table 4.1 and Table 4.2, majority of respondents are in the age range of 21-30 (63.6 %). The highest monthly income group is below RM 2 000 (45.5 %). However, age range below 20 and monthly income of RM 10 001 and above are the least responded (0.9 %). In Table 4.3, 85.5 % of respondents are staying in urban area, while only 14.5 % of respondents are staying in suburban area.

**Table 4.1: Age of Respondents**

	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Below 20</b>	1	0.9	0.9
<b>21-30</b>	70	63.6	64.5
<b>31-40</b>	15	13.6	78.2
<b>41-55</b>	19	17.3	95.5
<b>56 and above</b>	5	4.5	100.0
<b>Total</b>	110	100.0	

**Table 4.2: Monthly Income of Respondents**

	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Below RM2 000</b>	50	45.5	45.5
<b>RM2 001 – RM3 000</b>	27	24.5	70.0
<b>RM3 001 – RM5 000</b>	25	22.7	92.7
<b>RM5 001 – RM10 000</b>	7	6.4	99.1
<b>RM10 001 and above</b>	1	0.9	100.0
<b>Total</b>	110	100.0	

**Table 4.3: Current City of Respondents**

	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Urban</b>	94	85.5	85.5
<b>Suburban</b>	16	14.5	100.0
<b>Total</b>	110	100.0	



#### 4.2.2 Preferred Types of House from Respondents

Semi-detached house is the most preferable to respondents (35.5 %). However, the townhouse is the most unwelcome to respondents (0.9 %). Furthermore, the second most preferable is terrace house (26.4 %) and follow by bungalow (24.5 %).

**Table 4.4: The Most Preferable House of Respondents**

	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Condominium</b>	9	8.2	8.2
<b>Serviced Residence</b>	5	4.5	12.7
<b>Bungalow</b>	27	24.5	37.3
<b>Semi-Detached</b>	39	35.5	72.7
<b>Terrace house</b>	29	26.4	99.1
<b>Townhouse</b>	1	0.9	100.0
<b>Total</b>	110	100.0	

### 4.3 Data Analysis

#### 4.3.1 Competence of Results

The measurement of sampling adequacy is 0.82 and the Bartlett's test is highly significant to the factor analysis.

**Table 4.5: Sampling Adequacy**

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		0.824
<b>Bartlett's Test of Sphericity</b>	<b>Approx. Chi-Square</b>	1634.237
	<b>df</b>	435
	<b>Sig.</b>	0.000

### **4.3.2 Total Variance Explained**

There are seven factors have been extracted from thirty factors by the principal axis factoring method as shown in Table 4.6. The table consists of three columns that are initial eigenvalues, extraction sums of squared loadings and rotation sums of squared loadings. The cumulative percentage for extraction sums of squared loadings is 54.4 %, while 53.0 % for rotation sums of squared loadings.

**Table 4.6: Total Variance Explained**

<b>Factor</b>	<b>Initial Eigenvalues</b>			<b>Extraction Sums of Squared Loadings</b>			<b>Rotation Sums of Squared Loadings</b>		
	<b>Total</b>	<b>% of Variance</b>	<b>Cumulative %</b>	<b>Total</b>	<b>% of Variance</b>	<b>Cumulative %</b>	<b>Total</b>	<b>% of Variance</b>	<b>Cumulative %</b>
<b>1</b>	9.117	30.391	30.391	8.731	29.102	29.102	4.100	13.667	13.667
<b>2</b>	2.376	7.919	38.310	1.939	6.462	35.564	2.462	8.208	21.875
<b>3</b>	2.067	6.890	45.200	1.618	5.395	40.959	2.318	7.728	29.603
<b>4</b>	1.813	6.042	51.242	1.423	4.744	45.703	1.830	6.100	35.703
<b>5</b>	1.394	4.648	55.890	0.931	3.102	48.805	1.814	6.047	41.751
<b>6</b>	1.280	4.267	60.157	0.856	2.852	51.658	1.719	5.729	47.480
<b>7</b>	1.232	4.106	64.262	0.819	2.731	54.389	1.649	5.496	52.976
<b>8</b>	1.063	3.543	67.805						
<b>9</b>	0.930	3.099	70.904						
<b>10</b>	0.857	2.857	73.761						
<b>11</b>	0.817	2.723	76.484						
<b>12</b>	0.704	2.347	78.831						
<b>13</b>	0.689	2.295	81.126						
<b>14</b>	0.632	2.107	83.233						
<b>15</b>	0.549	1.830	85.064						
<b>16</b>	0.541	1.802	86.865						
<b>17</b>	0.518	1.727	88.593						
<b>18</b>	0.467	1.555	90.148						
<b>19</b>	0.382	1.273	91.421						

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
20	0.351	1.172	92.593						
21	0.331	1.102	93.695						
22	0.317	1.055	94.750						
23	0.294	0.982	95.732						
24	0.254	0.845	96.577						
25	0.218	0.727	97.304						
26	0.212	0.706	98.010						
27	0.194	0.646	98.657						
28	0.167	0.557	99.214						
29	0.128	0.425	99.640						
30	0.108	0.360	100.000						

Extraction method: Principal Axis Analysis.

### 4.3.3 Scree Plot

The scree plot has been carried out to show the running of eigenvalues to each factor to produce a curve that is formed according to Table 4.6. There is a sharp drop from first factor to second factor. Then the continuous factors are gradually decreasing to the last factor.

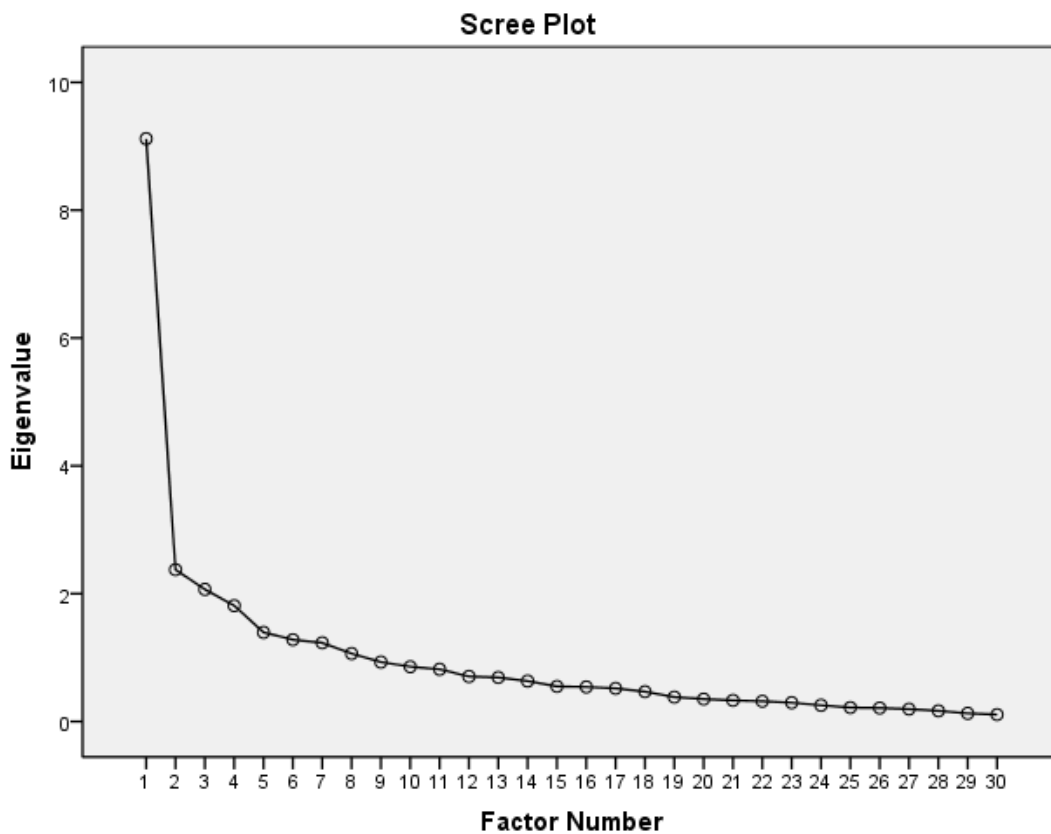


Figure 4.1: The Eigenvalue Against Factor Number

#### 4.3.4 Reliability Analysis

The reliability test is to run the factors that have been extracted. The table below shows the results are reliable because all Cronbach's Alphas are above 0.7. The highest value is 0.9, while the lowest value is 0.7.

**Table 4.7: Reliability Statistics**

	<b>Cronbach's Alpha</b>	<b>N of Item</b>
<b>Factor 1</b>	0.90	11
<b>Factor 2</b>	0.83	7
<b>Factor 3</b>	0.83	7
<b>Factor 4</b>	0.74	4
<b>Factor 5</b>	0.70	3
<b>Factor 6</b>	0.72	6
<b>Factor 7</b>	0.71	6

#### 4.3.5 Factor Reduction

Factor 1 comprises eleven items loading from 0.31 to 0.80. It includes a category of providing good facilities such as clubhouse and recreation park in housing area as well as the availability of high speed Internet. Moreover, the public transport services such as LRT and taxi are provided. The housing area also provides good security such as alarm system and patrolling. Furthermore, it also surrounded by good economic development and panoramic view. The house has sufficient internal and external space for hobbies and constructs with environmental friendly building materials. The popularity of housing area in property market and the convenience of location for daily needs are concerned.

Factor 2 comprises seven items loading from 0.32 to 0.70, which the house is built from popular developer and has quality finishes and building materials. Moreover, it is a first-hand house that provides natural fresh air and surrounds by good economic development. The house constructs with environmental friendly building materials. Furthermore, the house is built from good name of developer and good security such as alarm system and security patrolling.

Factor 3 comprises seven items from 0.32 to 0.61. The housing area provides good security such as patrolling and CCTV and quality building materials and finishes. Moreover, natural fresh air is available and away from hectic environment. The location must be convenient for daily usage and easy access to expressways. Furthermore, the house has bigger internal space such as wider living room.

Factor 4 has four items loading from 0.38 to 0.80. It is about the demand and popularity of housing area in property market and stay in a centralised city. Moreover, it is good to stay at higher ground level. The build then sell concept for house purchasing method.

Factor 5 comprises three items loading from 0.36 to 0.82. One item here is to stay in higher ground level. Other than that, the culture and socio-economic of neighbourhood is concerned. The density of population surrounding the neighbourhood is important to residents as well.

Factor 6 has six items loading from 0.31 to 0.54. The house is away from the hectic environment that there is no more extra land for property development around the residential area and higher ground level is required. Moreover, it is a first-hand house with freehold title. The high housing price is also stopping house buyers to purchase a house.

Factor 7 comprises six items loading from 0.33 to 0.59. It is a first-hand house and furnished so that it is a ready to stay house. Furthermore, panoramic view from house and natural air ventilation are enlisted in factor 7. The modern and aesthetic internal and external house design is in consideration. Besides, the helpful Government subsidiary such as “My First Home Scheme” is mentioned in this factor.

**Table 4.8: Principal Axis Factoring**

<b>Factor Extracted</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Factor</b>							
<b>1</b>							
<b>2</b>		0.704					
<b>3</b>	0.312	0.590					
<b>4</b>			0.604				
<b>5</b>	0.650						
<b>6</b>	0.515		0.594				
<b>7</b>			0.543			0.326	
<b>8</b>	0.443	0.412	0.375				
<b>9</b>	0.770						
<b>10</b>	0.804						
<b>11</b>	0.676	0.319					
<b>12</b>	0.713						0.341
<b>13</b>		0.357	0.611				0.332
<b>14</b>	0.358						
<b>15</b>	0.428						
<b>16</b>		0.576	0.322				0.538
<b>17</b>			0.434				
<b>18</b>							0.591
<b>19</b>					0.556		
<b>20</b>					0.821		
<b>21</b>						0.490	
<b>22</b>						0.543	
<b>23</b>		0.525				0.368	0.354
<b>24</b>	0.422			0.401			
<b>25</b>						0.480	
<b>26</b>				0.800			
<b>27</b>				0.380	0.359	0.314	
<b>28</b>							
<b>29</b>							0.358
<b>30</b>				0.566			



### 4.3.6 Descriptive Statistics

Table 4.9 is the top ten ranking of factors for age group of 21 – 30. The highest mean is 4.40 that provide quality building materials and finishes. The second factor is strategic location, while the third factor is the requirement of fresh air. The means are 4.37 and 4.27 respectively. In contrast, the mean of 4.11 is the tenth factor that consists of two factors, which are the availability of high-speed Internet and buyers are reluctant to purchase too expensive house.

**Table 4.9: Top Ten Factors**

<b>Factor</b>	<b>Mean</b>
Quality building materials and finishes.	4.40
The location must be convenient to find daily needs, petrol station, restaurants, banks, clinics and etc as well as short travelling to workplace.	4.37
Natural fresh air from outside.	4.27
Easy access to main roads or expressways.	4.20
Has a good security such as alarm system, guard or police patrolling and CCTV.	4.19
Away from hectic and noisy environment.	4.19
The house is built from a good name of developer.	4.14
Public transport availability such as taxi, bus and LRT/MRT.	4.13
Availability of high-speed Internet.	4.11
High housing price is seriously stopping you to buy a house.	4.11

### 4.3.7 Nonparametric Test

Table 4.10 is the test statistics of age group of 21 – 30. It is an analysis of independent variables of current house members, current living city and preferred type of house against factors. The factor of helpful government subsidiary is significant to those who are staying with partner and siblings, living in urban area and prefer terrace house. Furthermore, the factor of strategic location is significant to those who are living in urban area and prefer bungalow.

**Table 4.10: Selected Current House Members, Current City and Preferred Type of House against Influencing Factors<sup>a</sup>**

	<b>Dependent Variable</b>	<b>Asymptotic Significance</b>	<b>Highest Mean Rank</b>
<b>Current House Members</b>	Public transport availability such as taxi, bus and LRT/MRT.	0.033	Partner + children
	Culture and socio-economic of neighbourhood.	0.009	Parents
	First hand house.	0.040	Partner + siblings
<b>Current City</b>	Good and helpful government subsidiaries such as "My First Home Scheme".	0.007	Partner + siblings
	Surrounding house has good economic development.	0.042	Urban area
	The location must be convenient to find daily needs, petrol station, restaurants, banks, clinics and etc as well as short travelling to workplace.	0.018	Urban area
	Away from hectic and noisy environment.	0.008	Urban area
	Has a good security such as alarm system, guard or police patrolling and CCTV.	0.089	Urban area
	Availability of high-speed Internet.	0.011	Urban area
	Natural fresh air from outside.	0.029	Urban area
	Bigger internal space such as living room and dining room.	0.038	Urban area
	Freehold title.	0.029	Urban area
	Good and helpful government subsidiaries such as "My First Home Scheme".	0.021	Urban area

	<b>Dependent Variable</b>	<b>Asymptotic Significance</b>	<b>Highest Mean Rank</b>
<b>Preferred Type of House</b>	Prefer to buy a house from developer than build a house by yourself.	0.013	Serviced Residence
	Easy access to main roads or expressways.	0.036	Semi-detached
	The location must be convenient to find daily needs, petrol station, restaurants, banks, clinics and etc as well as short travelling to workplace.	0.007	Bungalow
	Good facilities such as clubhouse and recreation park.	0.022	Townhouse
	High housing price is seriously stopping you to buy a house.	0.041	Townhouse
	Popularity of the area in property market.	0.021	Serviced Residence
	Ease to obtain finance from banks.	0.024	Townhouse
	Good and helpful government subsidiaries such as "My First Home Scheme".	0.017	Terrace house
	Build then sell concept.	0.008	Bungalow

<sup>a</sup>. Kruskal-Wallis Test

## **4.4 Discussion**

### **4.4.1 Preferences of Young House Buyers**

#### **4.4.1.1 Fundamental Needs**

Table 4.11 shows the sequences of factors that have been abridged from factor analysis. The first factor for young first time house buyers who are in the age group of 21 – 30 is fundamental needs, while it is the third factor for overall responses. For young people, convenience and easements towards everything come first. The strategic and secured location that is accessible with the availability of expressways increase convenience in travelling to further places. In the characteristics of house, young people prefer a house that is quality in air; quality in materials and finishes. Furthermore, the interior space is wide and sufficient in consideration for bigger family in future (Section 2.5.1). Another requirement is that the environment is not as hectic as staying in the central of town to avoid dusty and unhealthy environment in considering family's health.

#### **4.4.1.2 Quality Living**

The second factor for young buyers is quality living as well as for overall responses. The quality reflects the durability and strength of house. Young buyers want the best quality and prefer a long life span of house as they are proceeding to a married life. The name of property developer is important for young buyers, as they have no trust on small and bad reputation developer. Furthermore, young buyers prefer to buy a first-hand house for their first time in purchasing a house. Other than the quality of house, the economy nearby the house increase the living value as the economy utilises residents with essentialness such as dining, hair cutting, petrol pumping and etc. to make residents' life easier (Section 2.5.2).

#### **4.4.1.3 Well-planned Amenity**

The third factor for young buyers is well-planned amenity, while it is the first factor for overall responses. One of the well planning requirements is the availability of utilities and facilities to provide services such as telecommunication of high-speed Internet; institutional buildings of hotels, schools and etc; medical institutions and other essential facilities. Moreover, location is important for well planning because usually people prefer a merry and good environment as well as the guard of security in protecting residents (Section 2.5.3). In addition, it attracts more new comers and this shows that the planned development is successful. Other than that, the public transits are convenient for those who don't have vehicles especially young people rather to buy property first than a vehicle.

#### **4.4.1.4 Healthy Environment**

The fourth factor for young buyers is healthy environment, while it is the sixth factor for overall responses. It shows that young people are aware of their health and start healthy living from home (Section 2.5.4). The dusty and noisy environment is not favourable by buyers, as they affect residents' daily life if stay for long term under noisy condition such as disturbed in sleeping and may encounter health problem. Moreover, a requirement of staying at higher ground level can avoid flood and secure home.

#### **4.4.1.5 Human Comfort**

The human comfort is the fifth factor for young buyers, while it is the last factor for overall responses. Many young people are living under good environment condition without worries during their growth. Their parents tried their best to fulfil every wants of children and this makes the young generation demand for more. By the way, the concept of human comfort is different for different person. Some people are

satisfied with the simplicity of home design but some prefer a complex and mysterious home design (Section 2.5.5). Other than that, the quality of fresh air provides residents a refreshment and clean air in meeting their comfort.

#### **4.4.1.6 Harmonious Community**

The harmonious community is the sixth factor for young buyers, while it is the fifth factor for overall responses. Young people take this consideration slightly lower than overall respondents. The harmonious environment produces peaceful and quiet living condition, as neighbours are cooperating and well behave to each other. The common respects are met in order to have a peaceful environment such as understand the cultures of each other especially living in a country that is different in races (Section 2.5.6). In the point of view of young people, it is less important compared to fundamental needs. The needs to fulfil themselves come first than to blend with neighbours.

#### **4.4.1.7 Property Value**

The property value is the last factor for young buyers but it is the fourth factor for overall responses. From Table 4.11, it shows that the property value is the least important compared to others. Young people have no planning in investment or selling their first house and they prefer to stay in first house for long life, therefore they are not much concern about the value of property. On the other hand, the overall respondents are considering the demand in the property market and they could do investment in property (Section 2.5.7).

**Table 4.11: Summary of Factor Reductions**

<b>No.</b>	<b>Responses from Age Group of 21 - 30</b>	<b>Overall Responses</b>
1	Factor 3 - Fundamental needs	Factor 1 - Well-planned amenity
2	Factor 2 - Quality living	Factor 2 - Quality living
3	Factor 1 - Well-planned amenity	Factor 3 - Fundamental needs
4	Factor 6 – Healthy environment	Factor 4 - Property value
5	Factor 7 – Human comfort	Factor 5 - Harmonious community
6	Factor 5 – Harmonious community	Factor 6 - Healthy environment
7	Factor 4 – Property value	Factor 7 - Human comfort

#### **4.4.2 Specific Factors in House Purchase**

##### **4.4.2.1 Quality Building Materials and Finishes**

From Table 4.9, the top essentialness to be concerned by young house buyers is the quality building materials and finishes. There are different price of materials with different types of quality (Section 2.4). It is undeniable that a good quality is more expensive. Moreover, the brand of materials is one of the considerations in purchasing for quality goods. The less quality materials will have lesser durability and the house owner has to spend extra money to replace broken materials. In addition, in the scope of workmanship for finishes, the quality has to be met so that the house can be long lasting. For example, the floor tiles will crack after some time due to the poor workmanship. Young buyers are planned to stay for long term and the durability of materials and finishes must be satisfied. Besides, wrong judgement on house purchasing must be avoided.

#### **4.4.2.2 Geographical Locality**

The strategic location that is convenient in daily life is the second most crucial essentialness. As people travel every day, the strategic location in the city is one of the major considerations especially staying in the urban area. The strategic locality saves cost and time of residents due to a shorter distance to workplace. Moreover, it provides the easement in doing miscellaneous stuff such as groceries shopping, posting, banking and other necessary stuff (Section 2.2). The strategic location cannot be defined, as there are different opinions from people. Some people might think that the most strategic location is at the central of city such as Kuala Lumpur City Centre (KLCC) or shorter distance to daily destinations or the location is convenience in obtaining common needs due to the economy development.

In continuing the factor, Table 4.10 shows it is significant to current living city of urban area and preferred type of house of bungalow. It cannot be denied that the bungalow is the most expensive type of house with a great size of house. Moreover, it is more expensive if it located at city centre (Section 2.2). The aim of young buyers towards the house purchasing is high and this motivates them to be more hardworking in purchasing their dream house.



#### **4.4.2.3 Natural Fresh Air**

The third essentialness is the natural fresh air from outside. It is a known fact that the fresh air provides refreshments to people to have clearer mind and live healthier compared to those who live in hectic environment. Moreover, in getting a quality of fresh air, it is better to choose a house that has no obstructions or high buildings around the house as they block the airflow. The current residential developments are more towards eco-friendly concept that has trees and plants surround their homes. This provision gives the easement to young people who are busy earning money and helps to save cost and time to implement the environmental friendly activity and yet the plants produce oxygen to people.

Furthermore, the factor of natural fresh air is significant to the current living city of urban area. It becomes more desirable in demanding for fresh air because there are more vehicles on road and produce unwanted gases such as carbon dioxide that gives damage to body (Section 2.5.2). Unlike the suburban area with lesser transportation and people prefer to walk or take the public transport to destinations.

#### **4.4.2.4 Government Subsidiary**

The factor of support from government subsidiary is significant to the three independent variables in Table 4.10, which are current house members, current living city and preferred type of house. There are reasons people are happy with the government support such as the possibility to own a house becomes higher, buyers able to loan from banks with a lower qualification, buyers able to loan for a longer duration so that the amount of monthly instalment is reduced.

The young buyers can get the support from government subsidiary (Section 2.4). Moreover, the payment of house can be deducted due to the payment division with siblings. Besides, the factor is significant to urban area. There are a group of young people who are unable to afford a house in urban area and they seek for government subsidiary. Furthermore, young people who need the support from

government choose the preference of terrace house. Most probably they are low in requirements in house purchase.

#### **4.4.3 Influence of Housing Price**

The price of house is an important consideration during house purchasing. Most of the buyers do not go for too high price of house that exceeds their affordability. However, the factor of high housing price is stopping buyers to buy a house is the last factor in Table 4.9, which parallel with the factor of availability of high speed Internet. This shows that young buyers are not taking the housing price seriously as long as it's affordable and meet satisfaction (Section 2.4).

In addition, it is significant to the preferred type of house of townhouse. This type of house is not popular in Malaysia. The price is not cheaper than terrace house although the characteristics are almost similar. However, young buyers have favourite in choosing townhouse due to the special design and it is not as common as other type of houses. Moreover, young people like speciality and different with others.

#### **4.5 Summary**

Seven factors of responses from overall and young buyers out of thirty original factors have been extracted by using the factor reduction method. These factors indicated that the requirements of young buyers are more towards to the living quality than the value of property. The purpose of young buyers is to secure first house and not to sell in future. Therefore, they demand for durability and long lasting house in order to build a happy family.

Furthermore, young buyers are willing to seek for government support such as subsidies that will lighten household burden and help them to own a house instead of renting house. Moreover, young buyers must meet the requirement of government in order to get the support. They must also purchase a house that is within their affordable boundary.

Besides, the high property price and location are not the first factor to be considered by the young buyers but the quality of materials. In contrast, the two factors are important for most of the property buyers or investors in order to turn over the investment to generate profit. The statement indicates young buyers willing to buy expensive house as long as the house has meet the quality requirement.

## CHAPTER 5

### CONCLUSION AND RECOMMENDATIONS

#### 5.1 Reviews on Different Needs

The different needs of first time house buyers are distinguished. The fundamental needs are back to the basics such as geographical locality, security, accessibility and quality environment. Young people prefer to enjoy the convenience and easements that are ready in place.

Moreover, the quality in aspects of living lifestyle, specifications of property, air, environment and characteristics around the residential location are demanding by young buyers. They tend to enjoy life and relish for higher quality living. Therefore, developers apply the latest technology in design and quality to meet their satisfaction.

Besides, the well-planned amenity is another factor to be considered. It is not easy to strengthen and expand a development, as it needs stable economy condition, demand from market, strategic location, quality of living and etc. that are not happening in a short time but it might take few years to make it successful. For instance, there are many inactive developments in the town and unable to attract consumers although marketing such as advertisements have been done.

In addition, the healthy environment is essential because home is a place to feel the relaxation and people might not like to stay in a hectic environment, as it is noisier and dustier quality of air. People are concern about health issue and are not willing to stay under a bad condition that will give impacts to human in long term.

Furthermore, human comfort is compulsory to apply for home sweet home concept by providing peaceful and harmonious residential. The comforts include the clean and comfortable environment; sufficient space at home; friendly neighbourhood; home design as well as the melody at home because home is the last place to rest after a long day.

Besides, harmonious community is a way to have peace with neighbourhood because the interaction with neighbours is important, as they are the first person to come for help whenever emergency happens. The harmony must be held all the time in safeguarding the connection with one another.

Last but not least, the property value is the last factor from young buyers. The property value will be different from years and it depends on the condition of house. However, for young buyers, the value of money for property is not as important as to meet the ultimate needs, as the expensive house price is not the first factor to be considered.

In continuing the review, the factor of support from government subsidiary is required by young buyers in meeting the respondents' background of current house members, current living city and preferred type of house. Buying a house is a key issue for everyone especially for those who are in the age group of 21 – 30. Young people can own a house for the first time with terms and conditions set by the government.

## **5.2 Implication of Research**

Young people afford to buy a house due to availability of alternative method such as government subsidiary. 50 years ago, there was lack of alternatives available to generate higher income and the value of money is higher than current condition. In contrast, the improvement of development in different sectors gives opportunity to young people in house purchase.

However, the house prices are not the most influencing factor in buying a house. Young people have the point of view that the basic needs should come first. Basic needs are necessary to provide a comfortable and warmth feeling with the availability of services to serve people. Therefore, buyers are happy to enjoy home sweet home.

On the other hand, the quality construction materials and finishes is another influencing factor in selecting a house that is to be considered by young buyers. The quality of materials and workmanships not only provide long lasting effect, but also provide aesthetics to users. It is because normally there is a combination of aesthetics and quality in material.

Nevertheless, the property developer set young people as their target customers. They design the residential development by following the criteria of young buyers to produce an affordable house. Moreover, the sales of properties will boost up due to the understanding of young buyers' needs.

### **5.3 Limitation**

The rates of factor importance in questionnaire are too wide. It is better to reduce the rates from five rates to three rates such as 1 = very unimportant, 2 = moderate and 3 = very important, which will be much easier to determine respondents' preferences.

Furthermore, it is more important to state the factors specifically rather than to state as many factors as possible. It is because specific factors are clearer in establishing the preferences of respondents.

### **5.4 Recommendation**

The future research may include interviews with developers to discuss the challenges they confront in reality such as the achievement of target goals, the difficulties to meet customers' satisfaction and other relevant issues. Moreover, interview helps to dig deeper in real life practice to understand what actually the market needs.

The overall respondents' needs are different with first time house buyers. The property developer is suggested to know who the target customers are in proposing a residential development and discover both parties' requirements, consensus and difficulties. The needs of everyone are different but developers able to fulfil the majority of the needs by applying the criteria stated in this research. This helps to produce a win-win situation that the developer earns profit from the sales of houses and house buyers are happy to purchase a house. It is also to meet a positive agreement and this will lead to a delight and successful field.

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## **APPENDICES**

### **APPENDIX A: Questionnaire**