SUPERVISOR AND PANEL APPROVAL

'I hereby acknowledge that I have read this work and in my opinion this works is sufficient in terms of scope and quality for the submission and award of a Bachelor of Technology Management (High Technology Marketing) with Honors'

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# THE FACTORS INFLUENCING HOME BUYER'S PURCHASE INTENTION IN JOHOR BAHRU

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DECLARATION

"I hereby declare that the work of this thesis is my own work except the citation and which I have mentioned in the references."

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DEDICATION

I dedicate this thesis to my beloved parents; Nizam bin Abdul Rahim & Aznita binti Ahmad, and my supportive family for their endless support, encouragement, and prayers. Lastly, thank you for believing in me.

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ABSTRACT

The people's life styles are changing as the world keep on revolving and the development of new products and service is needed in order to satisfy the society's increasing demand. Therefore, the aim of this thesis had been to examine the factors influencing home buyer's purchase decision in Johor Bahru. The objective of this study is to identify the relationship, factors and most influence factors that can affect home buyer's purchase intention in Johor Bahru residential area. Based on the literature review, the influence factor of home buyer's purchase intention are demographic criterion, intrinsic housing attribute, and extrinsic housing attribute. The quantitative method is in the form of questionnaire survey conducted to achieve the objective of the research. Questionnaire was distributed to the 150 respondents in Johor Bahru and the data was analysed using descriptive analysis, inferential analysis, and multiple regression to define the result. The result demonstrated that intrinsic housing attribute and extrinsic housing attribute have significant relationship with home buyer's purchase intention in Johor Bahru. For demographic criterion shown there is no significant relationship. As a conclusion, the outcome of this study indicates that intrinsic housing attribute is the most influential factor that influences home buyer's purchase intention in Johor Bahru and the least important factor is demographic criterion. In addition, this study encourages studying the other attributes that might affect home buyer's purchase intention, and include all of the home buyers or customer within Malaysia as the recommendation for future study.

Keywords: Demographic criterion, intrinsic housing atribute, extrinsic housing attribute

ABSTRAK

Gaya hidup rakyat kian berubah mengikut peredaran masa, produk dan juga perkhidmatan baru diperlukan untuk memenuhi permintaan masyarakat yang semakin meningkat. Oleh itu, tujuan tesis ini adalah untuk mengkaji faktor-faktor yang mempengaruhi niat pembelian pembeli rumah di Johor Bahru. Objektif kajian ini adalah untuk mengenal pasti hubungan, faktor dan faktor-faktor paling mempengaruhi yang boleh menjejaskan niat pembelian pembeli rumah di kawasan kediaman Johor Bahru. Berdasarkan kajian literatur, faktor – faktor yang pengaruhi niat pembelian pembeli rumah adalah kriteria demografi, ciri perumahan intrinsik, dan ciri perumahan ekstrinsik. Kaedah kuantitatif dalam bentuk soal selidik telah dijalankan untuk mencapai tujuan penyelidikan. Soal selidik diedarkan kepada 150 responden di Johor Bahru dan data dianalisis dengan menggunakan analisis deskriptif, analisis inferensi, dan regresi untuk menentukan keputusan. Hasil daripada analisa tersebut menunjukkan ciri perumahan intrinsik dan ciri perumahan ekstrinsik mempunyai hubungan yang signifikan dengan niat pembelian pembeli rumah di Johor Bahru. Namun bagi analisa kriteria demografi pula, tidak terdapat hubungan yang signifikan. Sebagai kesimpulan, hasil kajian ini menunjukkan bahawa ciri perumahan intrinsik merupakan faktor yang paling mempengaruhi niat pembelian pembeli rumah di Johor Bahru dan faktor yang paling tidak mempengaruhi ialah kriteria demografi. Sebagai cadangan untuk kajian masa hadapan, kajian ini menggalakkan pengkaji untuk mengkaji ciri-ciri lain yang mungkin mempengaruhi niat pembelian pembeli rumah, dan melibatkan semua pembeli rumah atau pelanggan di seluruh Malaysia.

Keywords: kriteria demografi , ciri perumahan intrinsik, ciri perumahan exstrinsik

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LIST OF ABBREVIATIONS/SYMBOL

FYP	=	Final Year Project
IV	=	Independent Variable
DV	=	Dependent Variable
SPSS	=	Statistical Package for the Social Sciences
MRA	=	Multiple Regression Analysis
H_1	=	Hypothesis Alternative
H_0	=	Hypothesis Null

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CHAPTER 1

INTRODUCTION

1.1   Background of the study

1.1.1   Standard of Residential Property

The standard setting a residential property is categorized as an on-going process that needed a continuous improvement and developer have to listen to the market demand in order to succeed in meeting the standard. International Property Measurement Standards (IPMS) is used as a benchmark for property such as office building and residential property. More than two hundreds (200) companies including the government have participated in using IPMS.

According to IPMS for residential property that were announced in September 2016, there are three (3) IPMS standards which is external, internal and occupier. The aim of the standards is to provide transparency through a consistent measurement of property. Standard of residential property and housing are including bedroom; a room that is used to sleep or rest, bedroom; a room with a toilet, with or without a shower or bathtub and sink (in or near the bathroom), habitable room; a space that can be used for eating, cooking or sleeping.

1.1.2   Customers Need and Want

The famous expressions such as "There's no place like home" signify that home or house is a physical place needed for everyone as their private gate-away for their hectic life. People that have been busy working from day and night or a student that stayed far from home to further their studies often feel this way when it comes to home. For many, home is the only warm and cosy place that provides a loving and supportive environment from the important person in our life. Home has always been a place for shelter, sanctuary and our homes define ourselves. A house carries a numbers and different symbolic meanings entrenched in the physical design, the landscape, and how we decorate our dream house. Every individual in the world have a desire to purchase a home but each of them may have a different preferences of their own dream home.

Developer need to have an understanding of their customers' circumstances, including a solution to fulfil those needs in order to truly understand customers need and want. One of the effective ways to identify the customer's want is by listen closely to them. By taking time to get to know the customer on their personal level, developer not only getting information about their customer but at the same time they able to create customer relationship. With uncounted information and options, home buyers are struggling to find the property that best meets their need. The most challenging task of the developer is to seek out their customer's desire even when the customer cannot figure it out themselves.

In the property sector, developer or real estate investor can gain customer insight through internal and external feedback. One of the ways is by posting an online feedback through social media channel. Social media tools are not only can be used to have a better understanding of customer needs, but these tools also can convert the information into key patterns. Developer should keep an eye on these three (3) factors such as customer sentiment, key issues and tone of voice to ensure customer needs.

1.1.3 Current Trend and Attributes

Even though Malaysian economic growth and property market is currently downshifted, Malaysia property market is still an interesting option as Malaysia has a well-developed infrastructure that connects among the region in the country that offers cheaper property option among Asian country and ranked as third country after China and India among the off-shoring destinations (Saiful, 2016). Based on Malaysia's major states property searches behaviour in 2011 to 2015, the citizen in Johor and Selangor both preferred property priced below RM300, 000 and above RM900, 000 but they have different preferences in type of the property. The home buyer's in Johor prefer a terrace or linked homes meanwhile the home buyer's in Selangor mostly prefer for a high rises (Mangelesri, 2016).

The Millennial home buyers now have a different expectation compared to the Baby Boomers home buyers as the Millennial demand for facilities that allow them a live a certain lifestyle. In this trend, developers may need to look at the physical layout, architecture and design of the residential units.

1.1.4 Economic on Property

In 2017, economic growth of Malaysia is predicted to downshifts due to the challenging global economic and financial landscape. The key driver of growth is forecasted to be domestic demands that are sustained primarily by economic activity from the private sector. According to Bank Negara Malaysia 2016's statistic, the growth of outstanding household loans of the banking system and DFIs moderated to 5.5% in fourth quarter of 2016 compared to 5.8% in third quarter in 2016. The moderation in outstanding loans is generally for the purchase of residential property and passengers cars. This proved that the biggest investment for Malaysian is houses. As for that, the supply and demand for residential property will continues to rise in time as house is categorizes as a need for human being.

As for the property market in Johor, it will continue to be slow until the end of 2017 due to the general economic conditions as well as property cooling measures in the country. The biggest challenges of all are the increasing compliance cost along with low end-financing approval rate for home buyers (REDHA, 2016).

The Sultan of Johor has an intention to make Johor Bahru as the second largest city in Malaysia after Kuala Lumpur as Johor Bahru has a strategic advantage which is located next to island country in Southeast Asia which referred as "Lion City" or Singapore. There were many countries that have two competing cities such as Melbourne and Sydney in Australia, Los Angeles and New York in United States, and Beijing and Shanghai in China. The wave of investment from China helps to heal locals and economic growth for the state and will ultimately contribute to Malaysia's growth (Wan Saiful, 2017). There are many developing area in Johor Bahru that currently being constructed such as Iskandar Malaysia and Forest City. Forest City is expected to be completed in twenty (20) years with four (4) man-made islands. By 2035, one hundred thousand (100, 000) of people are predicted to live there and the developer expects two hundred twenty thousand (220, 000) jobs to be offered.

According to CBRE Malaysia 2017, Johor as a runner up for the most active city in property market, Iskandar Malaysia's radical development plan is already in its second half of its 20-year framework which is 2006 to 2025. Sixty percent (60%) of the region's cumulative investment of RM 208 billion is said funded by local investors. Fifty one percent (51%) of the total investment which is the largest contributor to the committed investments is realised on the ground coming from retail/ mixed development, followed by manufacturing and residential.

1.2 Problem Statement

The aim of the study is to identify the factors influencing home buyer's purchase decision in Johor Bahru. In today's era, there is a radical change in the people's life style. People prefer to live a comfortable life to fulfil their life-time ambition. The term of 'living a comfortable life' is very subjective as some of the people might prefer to have a comfortable living by owning luxury cars and rich looks, travelling, but there are also some of the people that prefer to invest in purchasing a residential property rather than buying a luxury car (Jessica, 2016). It's depends on each individual's priorities. For the people that choose a residential property as their main priorities, they tend to have a very specific idea or preferences for their dream house.

According to Cansu (2015), the people's life styles are changing as the world keep on revolving. The development of new products and service is needed in order to satisfy the society's increasing demand. Housing sector is one of the sectors that effected in this development as people's housing preferences is changing because of the urban life evolvement. The housing sector needs to re-form as the background of the home buyers keep on changing. Nowadays, there are a little too many developers competing with one another in term of sales, marketing, branding and market share (Tan, 2012). They are willing to do anything to win purchaser's heart. As the competition getting tougher, developer needs to be alert with the customer's needs or expectations to satisfy the home buyer's preferences. The main problem is that the feedback from one client cannot be used to another client as their preferences may vary from one another.

In Johor Bahru, there are wide range of products such as residential, offices and commercial property offered by developers. As there are too many developers in the market, consumers have plenty of choices to choose and it may be difficult for developer to sell their products in the tremendous competition. Part of it is the location, amenities, reputation of the developers and price (Tan, 2012). Beyond that, most buyers having a predicament as to what factors are the most important in purchasing a new house since housing differs in its type, size and design.

1.3   Research Questions

The following are the research questions which are important in this study:

1. What are the factors that influence the home buyer's purchase intention?

2. What is the most influence factor that affects home buyer's purchase intention?

3. What is the relationship between the factors and home buyer's purchase intention?

1.4   Research Objectives

The general objective of the study is to obtain the factors that home buyers delve into upon purchasing a residential property in Johor Bahru that stated in the problem statement. Specific objective is obtained by narrowing down the general objective.

The main objective of this study is to investigate and identify the factors that influencing home buyer's purchase intention in Johor Bahru. Furthermore, this study will be useful for developers to find out which housing attributes that most favoured by the home buyers when purchasing a residential property in Johor Bahru.

These are the three (3) objectives on why the researcher conducts this survey are listed as below:

1. To identify which factors that has influence on home buyer's purchase intention.

2. To identify which factor that has the most influence on home buyer's purchase intention.

3. To investigate the relationship between the factors and home buyer's purchase intention.

1.5   Scope and Key assumption of the study

The scope of this research will be focusing on identifying the housing attributes influencing home buyer's purchase decision in Johor Bahru. It is almost impossible for developers to satisfy the needs and wants of the entire customer at the time as their preferences is differ from one individual to another and there is not set benchmark to adopt them in real life. The questionnaires are distributed among visitors at property events in Johor Bahru.

Key assumption of this research is that the respondents will respond with an honest feedback when they answering the questionnaire. It is assumed that not all of the visitors are willing to answer the questionnaire but with a brief and clear explanation, the respondent will be able to understand the purpose of this research and will bring benefit to the respondents.

1.6   Importance of the study

The significant of this study is to identify the primary factors that push Johor Bahru home buyers to purchase a residential property in Johor Bahru, Johor. This research will benefit the property developers as they gain more knowledge on the best preferences of the housing attributes among the home buyers. By having knowledge on home buyer's preferences, the developer will aware of the home buyer's wants and preferences before launching new projects. Only prestigious developers will succeed in spreading positive word of mouth among the purchasers and their social circle (Chin, 2016), so this research will not only help the developers to contemplate the factors that able to affect home buyer's purchase intention in Johor Bahru, but also finding the most preferred housing attributes when purchasing their dream house. By matching the demand with the market, developer also will be able to increase their sales.

As the marketer played an important role is observing customer behaviour, their purchase pattern and intention, this research also will be beneficial for the marketer as they can learn and gain more knowledge about the home buyer's most preferred housing attribute and the crucial factors that home buyers will consider upon purchasing a residential property in Johor Bahru. Furthermore, this study will be investigating the relationship on how the demographic criteria such as age, income level, occupation, marital status affect home buyer's purchase intention in Johor Bahru.

Last but not least, this research will be useful as references or guidelines for future researcher that wishes to learn and gain more understanding and knowledge regarding the residential property and the current property market. Overall, this research will be beneficial to the property developers, marketers and future researchers.

CHAPTER 2

LITERATURE REVIEW

2.1   Purchase Intention

Intention is a signal of a person's determination to act certain behaviour intentionally (Han & Kim, 2010; Chin, 2016). Dependent variable of this study is purchase intention as it is predicted by independent variables. Meanwhile, the independent variables of this study are Social demographic criteria and Housing attributes. According to Chin (2016), intention may be differ every once in a while and it has a strong connection with time interval as the correlation between intention and action will be lower when the time interval increases.

Zeng (2013) asserted that there are always some internal relationships between intention, attitudes, beliefs and feelings regarding to consumer psychology. The process of purchasing a product or service start with consumer judging their belief regarding to the product or service, then consumer forms an intention to purchase the product or service. After that, attitudes towards the product or service are formed by the consumer and lastly, the consumer will make a purchase decision.