



Understanding the Challenges Faced by the Young People in Malaysia

Mahazril 'Aini Yaacob*, Nurul Hidayana Mohd Noor

*Corresponding Author

Faculty of Administrative Science and Policy Studies, Universiti Teknologi MARA, Malaysia

mahazril@uitm.edu.my; hidayana@uitm.edu.my
Tel: 6012-4342069

Abstract

In Malaysia, it was difficult for young people to secure decent housing through ownership or renting. Due to Malaysia's lack of rental regulation, renting a home is challenging because there is no stability in the rental sector. The study was conducted using a quantitative approach involving a questionnaire survey with young people in the Greater Kuala Lumpur. Findings discovered that high deposits, lack of access to affordable rental schemes and lack of suitable rental housing schemes for the renters were among the critical challenges for them. Policymakers should relook into the rental aspect and formulate rental regulations that benefit both renters and homeowners in Malaysia.

Keywords: housing; challenges; young people; renters

eISSN: 2398-4287 © 2023. The Authors. Published for AMER and cE-Bs by e-International Publishing House, Ltd., UK. This is an open-access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>). Peer-review under the responsibility of AMER (Association of Malaysian Environment-Behaviour Researchers), and cE-Bs (Centre for Environment-Behaviour Studies), College of Built Environment, Universiti Teknologi MARA, Malaysia
DOI: <https://doi.org/10.21834/e-bpj.v8iS13.5038>

1.0 Introduction

Access to decent housing is important to every citizen and has become part of the government agenda through several housing interventions. In Malaysia, the government has intervened by introducing various housing schemes and initiatives which mainly focus on homeownership. The absence of rental regulation in this country portrays that rental housing has remained a neglected area, thus contributing significantly to the challenges among renters, especially young people. Since the younger generation nowadays faces problems owning a house due to the unaffordable housing market, thus many of them choose rental as their housing tenure. However, prior findings revealed that living in the private rental sector also had brought challenges for them due to tenure insecurity, high monthly rental payments, and poor quality of housing, which had affected their independent living (Hoolachan et al., 2016; Campos et al., 2016). As such, this article aims understand the challenges faced by them in their living arrangements. Therefore, the central questions of this study are:

- 1) What are the profiles of the young people especially the renters?
- 2) Are they faced with challenges as a renter?

This paper begins with a review of the current literature on housing challenges and rental aspects in Malaysia. The next section explains the methodology used, followed by results and discussion, and concludes with recommendations on how to improve the rental sector.

2.0 Literature review

There have been extensive discussions regarding rental issues globally. As housing is an international issue, many debates were made about the renting issues faced by renters and the deficiency of the rental regulations. The following discussion reviews the housing challenges and rental aspects, focusing on Malaysia's perspectives.

2.1 Housing challenges

According to the Khazanah Research Institute (2015) report, the average housing prices in Malaysia are more than four times the median income, indicating a severely unaffordable housing market, especially in the main towns like Klang Valley. In their pursuit of adequate

housing, renting can be considered another option where increasing housing price turns the dream of owning a home into a fantasy for many young people. However, shifting to other housing options like rentals was also difficult because of no comprehensive regulation concerning this tenure (Ahmed, S., & Salam, M., 2022; Baqutaya et al., 2016; Shuid, 2015).

Previous studies concerning housing issues among young people revealed that the unavailability of affordable mortgage financing, high-interest rates, large down payments, and high rental deposits restrict housing opportunities for the lower and middle-income groups (Zuraimi, et al., 2020; Deng et al., 2016). Young people in Amsterdam also faced a similar issue: they did not have the means to own a house because of their limited economic resources. Even to rent apartments, they face challenges due to expensive rental apartments. Since they are not yet in their life-course stage and working careers, entering homeownership seems impossible as it is a long-term financial commitment.

Meanwhile, young people in the UK face several challenges, such as unemployment, lack of available credit, and increased renting generation (McKee & Hoolachan, 2015). The situation has declined housing opportunities among young people (Rugg & Quilgars, 2015). The limited supply of affordable housing both in public and private rented sectors and buying a home, on the other hand, seems beyond the capability of many young people (Lo et al., 2021). A similar scenario can be seen in Hong Kong, whereby young people are reported to stay with their parents until they are married or leave for education. The young people are trapped in their housing problems due to no government intervention regarding renting control and security of tenure. Therefore, they believe the housing policy has failed to address their needs for independent living (Yip, 2013).

On the contrary, in Germany, the Netherlands, and other Scandinavian countries, their law acknowledges that rental properties are also considered homes; thus, tenure security is significant. Therefore, the rental sector should be better regulated so that young people have other options if they cannot afford homeownership (Deng et al., 2016). When there is no control from the government on the rental price, the landlords are free to determine and set a high rental cost, mainly if the houses are in prime areas.

2.2 Rental aspect in Malaysia

In Malaysia, the government is committed to ensuring access to adequate housing. The escalating housing price poses a more significant challenge to households, especially the lower and middle-income earners. Young people also encounter difficulties owning a house nowadays, which arouses the growth of renting culture among them. Faraziera et al. (2019) argued that renting culture in Malaysia is prominent due to the lack of affordable and reasonable housing for the median income households. Thus, renting is the best choice for them as the housing costs are cheaper than a house. Their study examining the perception of young adults living in urban areas towards renting culture discovered that growth of housing prices beyond their affordability, renting is more convenient as it provides short-term commitment and renting is more flexible and profitable for the tenants.

The government's provision of the public renting scheme can be witnessed in social housing projects. For instance, the People Public Housing (PPR) Rent-to-Own scheme was introduced by the Ministry of Housing and Local Government in 2017. This scheme intends to accommodate lower-income households who fail to secure financing from financial institutions. (Khazanah Research Institute, 2019). The scheme provides opportunities for households to own a house without paying for the down payment or high monthly instalments as they rent the house with the government. The homeownership will be transferred to the renters at a certain period if they do not have outstanding monthly rental payments.

The government has collaborated with PR1MA Corporation to introduce the 1 Malaysia People Housing Program. The main objective of this program is to help individuals who cannot secure a housing loan from the panel bank for the 1 Malaysia People Housing Program. Hence, this Rent-to-Own allows them to own a house in the future as they can buy the residential property by renting for a certain period mutually consented by the homebuyers and the housing scheme providers (Aziz et al., 2019). As such, renting promotes flexibility for individuals who face housing affordability issues before homeownership. Renting can be seen as a viable option to meet people's lifestyles as they have different stages of life. For instance, many young people migrate to urban cities for job opportunities; hence, renting enhances their mobility as they can freely search for jobs in urban areas.

The housing phenomena among the young generation, includes both the issues for homeownership and renting. Despite the several homeownership schemes, the cost of housing is beyond their affordability. In Malaysia, a few studies discovered the rising number of people renting due to the housing affordability issue (Faraziera et al., 2019; Nor Suzylah, 2021; Nor Suzylah et al., 2017). A study conducted by Faraziera et al. (2019) disclosed that the young professionals in Malaysia are entering the renting culture due to the high price of housing. The findings was proven by a study of Nor Suzylah (2021) that young professionals chose to stay with their parents or prefer to rent after graduate due to their financial stability.

3.0 Methodology

The researchers collected the data through a questionnaire survey among young people to understand their challenges better. The questionnaires were written in English and Malay for better understanding. The questionnaire form used in this study has gone through the process of content validity and construct validity. Experts review content validity to evaluate the items in the questionnaire. A survey was done to a more significant sample of young people currently renting or sharing their accommodations to understand the issues in the more significant population. The total population of young people aged 20-39 is projected at 11.83 million (Department of Statistics, 2019); thus, the sample size of the respondents will be 384 based on Krejcie and Morgan (1970). This study adopts a multistage sampling technique with two sampling techniques. First is a purposive sampling technique where the respondents were selected based on the inclusive criteria. These include: 1) young people age between 20-39, 2) currently not owning a home, and 3) working or living in greater Kuala Lumpur. Next, non-probability convenience sampling is employed where the study selects participants with similar characteristics

following the set criteria selection and who are willing to join the research study. The respondents for the study were informed that the information would not be disclosed and would be used for academic purposes only.

All variables will be measured using a five-point Likert scale ranging from one (strongly disagree) to seven (strongly agree). The questionnaire with 20-items was adapted from Abidoye et al. (2020); Turkoglu et al. (2019) and Hoxha and Zeqiraj (2019). The reliability of the questionnaire needs to be assumed. According to Nunnally (1978), the instrument of a study is considered to have acceptable internal consistency if the value of Cronbach's alpha coefficient for each scale exceeds the value of 0.70 (α value > 0.70). Recommendations by Kline (2023) is followed to determine the data's normality. The obtained value for skewness and kurtosis were within ± 2 and ± 7 , respectively. The collected data further were analysed using the descriptive analysis and mean score ranking. The criticality of each variable was established based on its respective Mean Score (MS). For this study, a variable with an MS of 4.00 and above was considered highly critical; variables with MS between 3.50 and 3.99 were considered critical, while those with MS less than 3.00 were regarded as non-critical, as suggested by Abidoye and Chan (2016).

4.0 Results and Discussion

The discussion started by introducing the profile of respondents in the study, followed by the challenges the young people, especially the renters face in their current living arrangements.

4.1 Profile of the young renters

Table 1 shows the profile of the respondents who participated in this research. 310 questionnaires were distributed to the respondents to understand their profiles. Based on Table 1, 208 (67.1%) female respondents outnumbered male (32.9%, 102) male respondents. Most of the respondents in this survey are between the ages of 25-30 years (36.5%, 113), followed by the age group of 20-24 years (33.5 %, 104 and the remaining aged between 30-39 years old. Regarding the highest educational level, the majority (83.2%, 258) holds Bachelor's Degree/Diploma, followed by a Master's degree/PhD holder. This suggests that the opinion presented in this research is from well-educated young adults.

We can see that most of the respondents are single (75.2 %, 233), and a minority are married. The representation reflects the need for housing as they are at the early stage of their career and may embark on married life, where housing is an essential component in their life. Those married stated that many have less than five households, including themselves.

Findings found that most respondents work in the private sector (65.2%, 202), some are employed in the public sector, and few are self-employed. Most respondents (76.5 %, 237) have permanent employment status and some part-time positions. Looking at their working category, the majority (93.9%, 291) are skilled workers, ranging from managerial and professional groups, professionals, and sales associates. Their educational background findings are commensurate with most Bachelor's Degrees/diplomas holders. Most respondents (85.4%, 265) are employed between 1 to 7 years, while others have more than seven years of working experience. Even though they have worked for quite some time, they still could not own a house due to the unaffordability issue.

Regarding their household income and expenditure, the majority (63.9%, 198) of the respondents earned less than RM3000. Some (26.8%, 83) made between RM3000 to RM5000 monthly income. Only a tiny percentage received more than RM5000 monthly income. And for the married respondents, findings indicate that they have a monthly household income of RM2500 and above, with some of their spouses working in private and public sectors. The situations shows that their income is not tandem with the housing price in the market.

When asked whether they have any other income, most respondents (74.8%, 232) responded that they did not have any other income. Only some have other income, perhaps doing online business or part-time jobs. The findings also show the estimation of their monthly saving. 34.2 percent (106) of the respondents claimed they saved less than RM300 a month. In comparison, another 44.9 percent saved around RM300 to RM900 a month. Also, respondents have monthly savings of more than RM900, but the percentage is deficient. Since many of them are at a young age, the likelihood of saving more is beyond their affordability at this moment. However, among the respondents, there are also those without monthly savings, perhaps due to enormous financial commitment (Table 1).

Regarding their current housing arrangement, findings show that 47.4 percent (147 respondents) are renting. Another 26.8 percent (83 respondents) are renting with co-tenants, while the remaining 25.8 percent (80 respondents) are currently living with family or relatives. Of those who now rent, 49 percent (152 respondents) currently rent an apartment or condominium. The findings also revealed that some respondents still live with their parents or family for various reasons. The respondents disclose that they must be a caretaker of their family/parents, and some live with family/parents near the workplace. Some cannot afford to own or rent a house, which made them stuck living at their parents' house.

Table 1. Demographic profile of the respondents

No.	Profile	Frequency	Percentage (%)
1.	Gender: Male Female	102 208	32.9 67.1
2.	Age (years): 20 -24 years old 25-29 years old 30-34 years old 35-39 years old	104 113 68 25	33.5 36.5 21.9 8.1
3.	Highest educational level:		

	Primary/ Secondary school Certificate	11	3.5
	Undergraduate (Diploma/ Bachelor Degree)	6	1.9
	Professional Certificate	258	83.2
	Postgraduate (Master/PhD)	7	2.3
		28	9.0
4.	Marital status: Single Married Divorced/Widower	233 70 7	75.2 22.6 2.3
5	Gross monthly income: RM3,000 and less RM3,001-RM5,000 RM5,001-RM7,000 RM7,001-RM9,000 RM9,001-RM11,000	198 83 17 10 2	63.9 26.8 5.5 3.2 .6
6	Gross monthly household income (including your spouse): Less than RM2500 RM2501 to RM4000 RM4001 to RM5000 RM5000 and above. Not applicable (Single)	7 16 16 31 240	2.3 5.2 5.2 10.0 77.4
7	Any other income: No Yes	232 78	74.8 25.2
8	Estimation of your monthly savings: No saving Less than RM300 RM301-RM500 RM501-RM700 RM701-RM900 RM901-RM1,200 RM1,200 and above	28 106 83 35 21 24 13	9.0 34.2 26.8 11.3 6.8 7.7 4.2
9	Current housing arrangement: Renting Rent with co-tenants Living with family or relatives Current housing arrangement:	147 80 83	47.4 25.8 26.8
10	Current housing type: Flat Apartment/Condominium Single-storey terrace house Double-storey terrace house Semi-Detached house Kampung house	56 152 33 50 7 12	18.1 49.0 10.6 16.1 2.3 3.9

(Source): Author 2022

4.1 The Challenges faced by the young renters

The respondents were asked ten questions related to the housing challenges of the renters. The criticality of each variable was established based on its respective Mean Score (MS). A variable with an MS of 4.00 and above was considered highly critical; variables with MS between 3.50 and 3.99 were considered critical, while those with MS less than 3.00 were regarded as non-critical, as indicated by Abidoye and Chan (2016). Table 2 reveals the challenges faced by the young people currently renting their house and arranging based on its criticalness. The findings discovered that the burden of the high deposit, lack of access to affordable rental schemes and lack of suitable rental housing schemes for the renters were among the critical challenges for them. The renters suffered from the high deposit of their rental houses that had no government control. The finding supports previous studies revealing that the younger generation was also confronted with housing affordability problems associated with low income, the difficulty in paying for the housing deposit and securing financing (Soon & Tan, 2019; Ahmad et al., 2015).

Housing affordability remains a significant challenge that needs government and private sector interventions. In terms of rental payment, the renters exposed that the non-standardisation of the monthly rental payment caused a burden for them to pay. Since there is no specific regulation regarding the monthly payment of the rental houses, the homeowners can impose the rental amount, and some even set a high monthly rental. A similar situation was found in Karachi whereby the absence of rental ceilings and no policies about the purpose for which the premises can be used, bring challenges to the renters as the property owners can charge them any amount on the rental, as reported by a study from Ahmed and Salam (2022).

Some said their homeowner keeps increasing rental payments yearly, which becomes a critical challenge for them, especially low-income ones. The situation led to the inability of young people to access homeownership, as highlighted by Abidoye et al. (2021) in their study among young adults in Indonesia. Even worse, most of them claimed that the condition of the rented house does not reflect the handsome amount they paid for it when they mentioned that sometimes they feel insecure staying at the rented houses/places. Parallel

with a qualitative analysis of renters living in poor housing conducted by Marquez et al. (2019), the study investigates that the renters living in poor housing had to confront the risk of getting poor housing conditions where there is a lack of concern for the poor conditions of the home. The findings also reported that the location of their rental house is far from public transportation. Another critical challenge was their lack of knowledge regarding the tenancy/rental agreement. Since most of them had little understanding of the rental aspects, such as not knowing their rights as a renter, it made life as renters even more difficult. The study has several implications. The findings regarding the challenges faced by the renters fills the gap in the housing literature. The result of the study can be used by the policy makers in formulating framework concerning rental sector. The housing providers also can use the findings to assist them in designing housing development that match with the needs of the young people.

Table 2. Challenges faced by the renters

No.	Variable	Strongly disagree	Disagree	Somewhat disagree	Neither agree or disagree	Somewhat agree	Agree	Strongly Agree	Mean Score (MS)	SD	Rank
1	I feel a burden for the high rental deposits	2	6	12	34	27	47	101	6.32	1.62	1st
2	There is a lack of access to affordable rental schemes	2	9	24	40	50	50	54	5.90	1.79	2nd
3	There is a lack of suitable rental housing schemes for the renters	2	4	12	63	50	54	44	5.90	1.70	3rd
4	The monthly rental payment is burdening.	3	21	25	53	53	41	33	5.55	1.97	4th
5	The monthly rental payment is not standardised	39	22	23	38	33	27	47	5.19	2.77	5th
6	The condition of the rented house does not reflect the handsome amount I paid for it.	20	35	33	53	34	25	29	5.07	2.34	6th
7	I sometimes feel insecure staying at the rented houses/places	45	36	30	33	31	25	29	4.82	2.58	7th
8	I have a lack of knowledge regarding the tenancy/rental agreement	35	38	41	36	33	27	19	4.79	2.49	8th
9	The location of my rental house is far from public transportation	68	45	26	32	21	12	25	4.40	2.47	9th
10	My homeowner keeps on increased in rental payments every year	76	37	25	33	22	17	19	4.35	2.76	10th

(Source): Author 2022

5.0 Conclusion

Underpinning the above discussion, this study concludes that young people in Malaysia face various challenges in their current living arrangements. They have opted to rent due to unaffordability access to formal housing. Even as renters, they faced many challenges due to the absence of rental regulations and lack of housing initiatives supporting them. This indicates they are delaying adulthood and independent living due to various challenges. Results of this study have found that living in this type of tenure becomes a challenge for them due to the insecurity of tenure. No formal tenancy agreement allows the landlord to increase their rental payment or ask them to leave the house at any time before their approval due to the absence of such an agreement. Besides, they also faced high monthly rental payments, especially in the town areas. For high rental costs, there is an issue of poor housing quality in their rental house,

affecting their quality of life. Hence, policymakers should relook into the rental aspect and formulate rental regulations that benefit both renters and homeowners. Rental housing needs to be acknowledged and encouraged as an alternative to homeownership. Access to housing does not mean that everybody must own a home. More importantly, they have a roof over their head, so they have somewhere to go. As this study only focus among young renters in Greater Kuala Lumpur, other big cities such as Penang and Johor Baharu can be investigated to understand the challenges of the young renters so that generalisation can be made.

Acknowledgements

This work was supported by the Ministry of Education and Universiti Teknologi MARA, under the Fundamental Research Grant Scheme number 600-RMI/FRGS/131/2019(1). The author also acknowledges the participants' contribution.

Paper Contribution to Related Field of Study

The findings of this study which involved the participants from the young people filled the gaps of the housing study particularly in Malaysia that do not cover the young renters. Hence, contributed to the richness of the housing literature.

References

- Abidoye, R. B., Puspitasari, G., Sunindijo, R., & Adabre, M. (2021). Young adults and homeownership in Jakarta, Indonesia. *International Journal of Housing Markets and Analysis*, 14(2), 333-350.
- Ahmad, A.B; Anthony, W.R.J; Hasmah, A.Z & Farah Hanan, M.(2015). Measuring the Gen Y Housing Affordability Problem. *International Journal of Trade, Economics and Finance*, 6(1), 22–26. <http://doi.org/10.7763/IJTEF.2015.V6.435>
- Ahmed, S., & Salam, M. (2022). Rental housing policies and associated legal covers: Case of middle-income formal housing in Karachi. *Journal of Urban Management*, 11(4), 488-499.
- Aziz, F., Tengku Nazliana, T. F., Wilson Rangga, J. A., & Rohaya, A. J. (2019). Empirical Evidence on the Determinants of Selangor's Public Housing Rent-To-Own Purchase Decision. *International Journal of Real Estate Studies*, 13(2), 42–47.
- Baqutaya, S., Ariffin, a. S., & Raji, F. (2016). Affordable housing policy: Issues and challenges among middle-income groups. *International Journal of Social Science and Humanity*, 6(6), 433–436. <http://doi.org/10.7763/IJSSH.2016.V6.686>
- Deng, W. J., Hoekstra, J. S. C. M., & Elsinga, M. G. (2016). The Changing Determinants of Homeownership Amongst Young People in Urban China. *International Journal of Housing Policy*, 6718(April), 1–22. <http://doi.org/10.1080/14616718.2015.1135857>
- Department of Statistics, M. (2019). *Current population estimates 2021, Malaysia*. Retrieved from <https://www.dosm.gov.my/v1/index.php?>
- Faraziera, M. R., & Hamizah Liyana, T. A. (2018). Housing Affordability among Gen Y: How to Improve Affordable Housing Schemes. *International Journal of Civil Engineering and Technology (IJCIET)*, 9(10).
- Hoxha, V., & Zeqiraj, E. (2019). The impact of Generation Z in the intention to purchase real estate in Kosovo. *Property Management*, 38(1), 1–24. <https://doi.org/10.1108/pm-12-2018-0060>
- Khazanah Research Institute. (2015). *Making housing affordable*. Kuala Lumpur.
- Khazanah Research Institute. (2019). *Rethinking Housing: Between State, Market and Society*. Kuala Lumpur. Retrieved from [http://www.krinstute.org/assets/content/MS/img/template/editor/Rethinking Housing \(Full Report\)- EN Version.pdf](http://www.krinstute.org/assets/content/MS/img/template/editor/Rethinking Housing (Full Report)- EN Version.pdf)
- Kline, R. B. (2005). *Principles and Practice of Structural Equation Modelling* (2nd Ed.). New York: The Guilford Press.
- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and psychological measurement*, 30(3), 607-610.
- Lo, D., McCord, M. J., McCord, J., Davis, P. T., & Haran, M. (2021). Rent or buy, what are the odds? Analysing the price-to-rent ratio for housing types within the Northern Ireland housing market. *International Journal of Housing Markets and Analysis*, 14(5), 1062-1091.
- Marquez, E., Francis, C. D., & Gerstenberger, S. (2019). Where I live: A qualitative analysis of renters living in poor housing. *Health & place*, 58, 102143.
- McKee, K., & Hoolachan, J. (2015). *Housing Generation Rent What are the Challenges for Housing Policy in Scotland ?* Centre for Housing Research. University of St Andrews
- McKee, K., & Hoolachan, J. (2015). Housing Generation Rent: what are the challenges facing Housing Policy in Scotland?
- Nunnally, J. (1978). *Psychometric Theory* (Vol. 2). New York: McGraw-Hill.
- Rugg, J. J., & Quilgars, D. J. (2015). Young people and housing: A review of the present policy and practice landscape. *Youth and Policy*, 5-16.
- Shuid, S. (2015). The housing provision system in Malaysia. *Habitat International*, 54, 210–223. <http://doi.org/10.1016/j.habitatint.2015.11.021>

- Soon, A., & Tan, C. (2019). An analysis on housing affordability in Malaysian housing markets and the home buyers' preference. *International Journal of Housing Markets and Analysis*
- Turkoglu, H., Terzi, F., Salihoğlu, T., Bölen, F., & Okumuş, G. (2019). Residential satisfaction in formal and informal neighborhoods: the case of Istanbul, Turkey. *ArchNet-IJAR*, 13(1), 112–132. <https://doi.org/10.1108/arch-12-2018-0030>
- Yip, N.M. (2013). Homeownership, Cohort Trajectories and Hong Kong Post-Eighties Generation. In Forest. R., & Yip, N.M. Editor (Eds.), *Young People and Housing: Transitions, Trajectories and General Fractures*. (pp. 121-140).
- Zuraimi, N. E., Ridzuan, A. R., Bakar, M. H., Sultan Mohideen, R., Ilyas, I. Y., & Suyurno, S. S. (2020). A study on housing affordability in a Malaysian context. *e-Journal of Media and Society (e-JOMS)*