HOUSE OWNING CHALLENGES AND SOLUTIONS FOR MALAYSIAN FIRST HOME BUYERS IN THE POST-COVID-19 PANDEMIC ERA

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ABSTRACT

This study intended to identify the factors and solutions that help first home buyers successfully purchase their first home after the COVID-19 pandemic where the current issues and challenges faced by first home buyers in Malaysia should be investigated. The housing prices are still pricey and the prices are progressively rising every year, as the economy develops. However, household income has not increased in lockstep, which is the primary cause of Malaysians' inability to purchase a home. Furthermore, during the COVID-19 pandemic, this scenario intensifies as economic containment tactics have a negative impact on the economy and social aspects. This study adopted a quantitative research method where the primary data were collected through online survey. The survey was conducted through internet

platforms such as Facebook, Instagram, and WhatsApp to collect more responses as online survey brings convenience to respondents. 155 feedbacks were collected from the respondents. From the results, the personal income has the highest impact on the affordability of respondents to purchase their first property in Malaysia where the respondents think the government should promote more incentives and initiatives in helping youngsters to purchase their first home. The government should emphasize the housing sector development as this sector is linked with social development significantly in terms of citizens' satisfaction level with the government policies. The outcomes can be referred to by first home buyers when they encounter similar situations as guidance to help them understand the problems. Although, the government has implemented several housing measures, including allocating available homes to qualifying homebuyers but it is insufficient. The outcomes can help the solutions developed by the government and private banking companies in resolving and alleviating the challenges reported by first home buyers in Malaysia.

INTRODUCTION

The COVID-19 outbreak has caused a severe impact on socio-economic conditions such as unemployment, travel restrictions, and social distancing (Ahsan & Sadak, 2021). The housing market is also affected by the pandemic where many first home buyers who have the intention to purchase their first home are affected by the economic conditions. The effects of this pandemic will take a long time to recover to their original state (Ahsan & Sadak, 2021). The housing sector is one of the needs of citizens to fulfil basic needs and act as an investment tool. Since the impact of the COVID-19 pandemic is severe on the housing market and first home buyers who intended to purchase a home during this period, thus, it is necessary to find solutions that can reduce the financial burdens of first home buyers. Many countries took various decisions and policies to overcome the socio-economic, housing market and manufacturing impacts that arise from the pandemic (Tanrıvermiş, 2020). This is due to the high-interest rates offered by banks to the housing sector, which further burden the first home buyers (Ahsan & Sadak, 2021). Therefore, Malaysia should

reduce the economic burden of the pandemic by lowering the interest rates and implementing online-based applications which applied in other countries (Tanrıvermiş, 2020).

The housing crisis of the first home buyers has received less attention from the government and academicians due to the difference in the requirements among these home buyers (Olanrewaju & Wong, 2020). These differences can be the income levels, qualifications to get loan approval, and age (Olanrewaju & Woon, 2019). Furthermore, the high house price, transportation cost, dissatisfaction with quality, job creation and wellbeing issues have caused the decline in the homeownership rate among first home buyers, which eventually brought to the oversupply and widening gap between the demand and supply in the housing market (Olanrewaju & Wong, 2020). These difficulties with the COVID-19 pandemic impacts further lead to the declining overall ownership rate among first home buyers. Thus, this research intended to investigate the causes of these issues and challenges in facing by first home buyers in Malaysia and propose potential solutions to solve and mitigate these identified issues faced by first home buyers.

A first home buyer can be understood as a person who does not own any houses but is interested in buying a house. Furthermore, First home buyers can be defined as individuals who range between the ages of 20 to 40 years old who have a small family or are currently single and have just started their first job (Khan et al., 2017). Since shelter is one of the basic needs for humans and it is the target of many youngsters, housing instalments contribute the most financial burden to household expenditures. This leads to multiple difficulties and considerations that need to be solved before purchasing a house. Currently, this situation leads the first home buyers to prefer to rent instead of purchase (Olanrewaju & Wong, 2020). Moreover, the COVID-19 pandemic has radically affected the housing market (Ahsan & Sadak, 2021). Thus, the government has launched first-time ownership programs for first home buyers such as My First Home Scheme (MFH) and the 1 Malaysia People's Housing Scheme (PR1MA), which are about 20% to 30% cheaper than the current market price to cater the needs for first home buyers with lower income. However, despite the effort of the government to provide houses at a lower cost to these segments of individuals, the number of house owners for homes priced below RM250,000 are decreasing (Khan et al., 2017).

LITERATURE REVIEW

Factors such as unstable income, poor financial management and lack of savings, and not having a fixed job might be some of the reasons causing inconsistent income, which leads to uncertainty of their ability to pay for down payments and associated installments with interest rates (Olanrewaju & Wong, 2020). Solutions such as attractive incentives for housing financing, housing development planning and building adoption programs might help to increase the homeownership rate among first home buyers in Malaysia.

Unstable Income

Factors such as unstable income, poor financial management and lack of savings, and not having a fixed job might be some of the reasons causing inconsistent income, which leads to uncertainty of first home buyer's financial ability to pay for down payments and associated instalments with interest rates (Olanrewaju & Wong, 2020). Most millennials listed the high cost of living as their crucial financial challenge, and another concern they are facing is the unaffordable real estate market. Elder millennials between the age of 30 to 36 ranked the cost of living as the highest-ranking financial concern. In contrast, the young millennials aged 21 to 29 find that unaffordable property is their biggest concern, followed by the high cost of living (SMDK, 2016). The debt-to-income ratio of millennials in Malaysia is shocking (Alias et al., 2018; Saha et al., 2022). In 2019, the ratio of household debt to the GDP is 82.7 percent in Malaysia compared to 78.7 percent and 65 percent in Thailand and Singapore respectively. This ratio further raised to 87.5 percent in 2020 (Saha et al., 2022). A debt-to-income ratio refers to the percentage of debt on hand compared with personal income. A high debt to income ratio indicates that a person is highly in debt, and there is a high possibility that the person will not be able to repay his debt on time. With a high debt-to-income ratio along with an unstable income, individuals would be incapable of repaying for their liability. People with a high debt-to-income percentage may find it difficult to obtain more credit facilities from financial institutions because they have a higher risk of defaulting on their payments. Thus, they might have to borrow money from others to repay their mortgage loans. This would increase their financial pressure as the money they owe increased (SMDK, 2016).

Poor financial management is also seen as another factor that leads to the first home buyers' financial incapability to purchase their first

home. Money earned might be spent irrationally on unnecessary luxury goods and services. A careful spending pattern and monthly budgeting are crucial to ensure a certain amount is set aside to pay up any outstanding loans. Savings is an essential element. However, the study carried out by the Department of Statistics Malaysia in March found that Malaysian savings will only last between one to four months, especially during the COVID-19 pandemic (Goh, 2020; Lopez et al., 2022; Nizar et al., 2021). This shows that Malaysians do not save enough as their savings awareness is still lacking. However, low-cost public housing may not meet individual expectations by providing a decent living environment; home buyers regard the connection between neighbourhood safety and the neighbourhood environment as an essential factor in buying a house (Tan, 2013). COVID-19 pandemic further worsens this situation among the first house buyers due to the inevitable containment policies that caused a significant impact on the economy and social aspects, where many citizens are losing their income sources and having mental exhaustion (Hu et al., 2021).

Figure 1

The Challenges of House Ownership in Malaysia
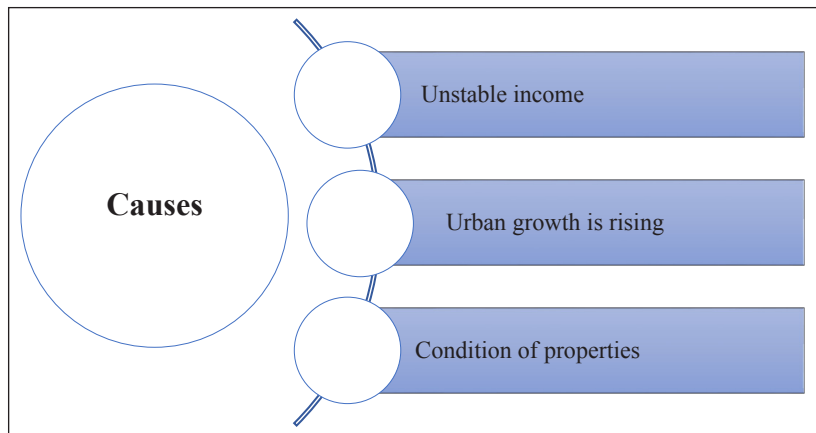
Urban Growth is Rising

The people living in urban areas are estimated to be 75 percent of the Malaysian population by the year 2020, according to Tan (2013).

Building affordable houses in strategic locations is challenging as urban growth rises. Due to land constraints, construction costs will be high. This caused the developers cannot produce homes for low-income urban immigrants at an excellent low price (Olanrewaju & Wong, 2020). The affordable housing locations are generally in areas further away from urban areas. As affordable houses are constructed far outside the city areas, many citizens who work within the city are reluctant to buy a home in a place far away from their workplace as they need to consider the long traveling time day by day, which causes them to sacrifice most of their time if they purchase an affordable house far outside the city. Furthermore, time spent on commuting is the time lost on other activities (Emre & De Spiegeleare, 2021). This is due to the long traveling time will cause exhaustion to the mental people who live far away from their offices which will affect their quality of life (Holden & Sunindijo, 2018). However, this is the trade-off between buying affordable housing at the expense of paying the high cost of transportation, compromising the building performance and other essential facilities (Olanrewaju & Wong, 2020).

Moreover, the distance between the home and office has become a concern of the first home buyers since there are travel restrictions during the COVID-19 pandemic (Ahsan & Sadak, 2021; Reyes-Chua et al., 2020). First home buyers who consider the possibility of the new norm want to own an affordable house while working from home with higher income in the rural areas. However, this is hard to achieve as the job opportunities are usually lower in rural areas compared to urban areas and there might be limitations on the internet speed from the suppliers. Although the travel restriction has ended, people now can travel freely, the internet connection speed is still the main concern of the first house buyers as the internet connection speed in rural areas is usually poor (Ang & Ang, 2021). Some of the people who have already gotten used to the new norm will choose to work from home instead of traveling a long distance to their office. Thus, the poor internet connection will reduce the convenience and satisfaction level of first home buyers in the future (Azlan et al., 2020). Moreover, there are more job opportunities in urban areas than the rural areas, which has caused first home buyers to feel hesitant when deciding on the location of their first property (Salleh et al., 2014). Thus, first house buyers need to choose between the affordable price of the first property and the convenience of their future economy and social development.

Condition of Properties

The lack of quality of houses is a concern of first home buyers (Olanrewaju & Wong, 2020). COVID-19 pandemic has raised the awareness of first home buyers to buy a property with good maintenance and facilities like fast speed internet connection and can be accessed easily (Reyes-Chua et al., 2020). Due to the COVID-19 pandemic, the majority of people stayed once at home for almost 24 hours per day. This has formed the new norm of working from home. Although, the majority of people are asked to go back to the office in the post-COVID-19 pandemic era, people are still looking for better house qualities and facilities. Thus, the property condition is exceptionally vital to the tenants. The Malaysian government has launched various public housing programs in the past 20 years. Despite all these efforts, most of these programs failed. Most of these plans failed because they failed to provide quality accommodation to improve the quality of life of their residents. Poor maintenance, which leads to poor living conditions, is also the reason for the failure of many housing schemes. Due to its low cost, developers are facing constraints in constructing these properties. Therefore, the quality produced might not satisfy the needs of first home buyers (Tan, 2013). Furthermore, the conditions of properties will affect the safety and security level. This concerns first home buyers about their safety as they would want to ensure that crime rates around the area that they live in are as low as possible. As security is one of the aspects that first home buyers feel critically important for them in choosing their first property, guard houses and security gates are crucial to ensure they feel safe and secure (Leh et al., 2017). On the other hand, the poor internet connection speed will further reduce the satisfaction level of tenants with the condition of properties (Ang & Ang, 2021; Azlan et al., 2020). Ultimately, these issues will affect the social aspects such as the security and satisfaction level and intention to purchase affordable houses among first home buyers.

Solutions for First house Buyers to Solve and Mitigate the Identified Issues

Various housing schemes have been launched by the Malaysian government in the last 20 years incorporating Skim Rumah Pertamaku (SRP), MyHome, Program Perumahan Rakyat (PPR) and

1 Malaysia People's Housing Scheme (PR1MA). These schemes provide attractive benefits for low- and middle-income groups and first home buyers. They cater to different segments and offer a variety of choices. Furthermore, various strategic policies such as introducing HomeOwnership Campaign (HOC) and lowering the loan interest rate have been implemented during this COVID-19 pandemic to overcome the problems in the housing market (Ahsan & Sadak, 2021). However, the effectiveness of these schemes was questioned as the property purchase rate is not high as expected (Muhammad & Johar, 2019). Yap and Ng (2018) said these schemes do not solve the excessive of existing houses and fulfil the needs of youngsters to purchase their first home in urban areas as most of the provided affordable houses supported by these schemes are located far away from cities. Therefore, relying only on government schemes will not solve everyone's housing needs as the promoted schemes and policies might not be effective in solving current issues (Ebekozien et al., 2019). On the other hand, the private sector also must ensure the living standards of Malaysians are satisfactory to reduce the inequality gap. However, due to low profitability, private developers are not keen on constructing low-cost houses (Tan, 2013). This leads to the low-cost housing completed by private developers being below the targeted level. Therefore, efforts to encourage the private sector to construct more affordable houses with quality must be carried out.

Attractive Incentives for Housing Financing

Residential properties are serving as a fundamental requirement of humans. However, in 2015, the household debt of Malaysians reached 89.1 percent which shows the unaffordability of housing has increased significantly (Tee, 2016). The affordability of houses is a concern that all home buyers have when considering purchasing their first home (Olanrewaju & Wong, 2020). The undersupply of affordable homes and the misaligned pace of the growth of income and house prices will further lead to the unaffordability of home ownership among youngsters in Malaysia (Samad et al., 2016). Therefore, the government should consider providing more incentives or waiving the housing sector as this can encourage developers to construct more affordable houses while youngsters have a higher opportunity to purchase their first home (Yap & Ng, 2018). The government should adopt an affirmative policy to help first home buyers to overcome these

challenges in this difficult period. The Malaysian government can make housing financing more accessible and affordable to solve this problem. This can be achieved by providing subsidies or cooperating with financial institutions to fulfil the housing needs of low-income families. Policies and plans can be formulated to provide financial support for the down payment and mortgage interest to lower the cost of affordable housing ownership (Tan, 2013).

Therefore, to encourage first home buyers to make their purchases, the government has come out with attractive incentives to increase the homeownership rate, especially within and after the COVID-19 pandemic. HOC has been introduced where home buyers who purchase residential properties between 1ˢᵗ January 2021 to 31ˢᵗ December 2021 will enjoy stamp duty exemption for their memorandum of transfer (MOT) and loan agreements (Ministry of Finance, 2021). Other than that, home buyers can also obtain 110 percent loan financing of a property, with a maximum loan period of 35 years. The government has also joined forces with financial institutions such as Bank Negara Malaysia (Central Bank of Malaysia) to provide an easier way for first home buyers to look for suitable finances when purchasing their home. Twenty-four banks are participating in the My First Home Scheme. Participating banks include Maybank, Hong Leong Bank, Affin Islamic Bank, CIMB bank and more. First home buyers have the flexibility to choose the most convenient bank for them according to their preferences.

Housing Development Planning

From the social perspective, housing should fulfil the preferences of tenants besides acting as a shelter only (Syed Jamaludin et al., 2018). Since Malaysia is a multiracial and multicultural country, it is essential to consider Malaysia's diversified cultures and races while carrying out housing development and planning (Tan, 2013). The housing development planning should consider the participation of all communities and the interaction between residents in the future (Breesam & Kadhim Jawad, 2021). Therefore, when designing and constructing affordable houses that encourage first home buyers to purchase, meeting the first house buyers' housing needs and preferences is essential. Before putting everything into action, a well-planned and well-defined overall planning structure must be

developed. The lessons and mistakes from the previous low-cost and affordable housing programs should be reflected to increase the value of the living environment and improve the owners' quality of life (Olanrewaju & Wong, 2020). Having easy access to social facilities such as schools, clinics, and community halls is preferable to first home buyers, rather than providing basic infrastructural facilities only (Tan, 2013). This means focusing on the housing design and orientation of the building and improving social needs through provided facilities can satisfy the first home buyers (Syed Jamaludin et al., 2018).

Figure 2

The Solutions for First House Buyers
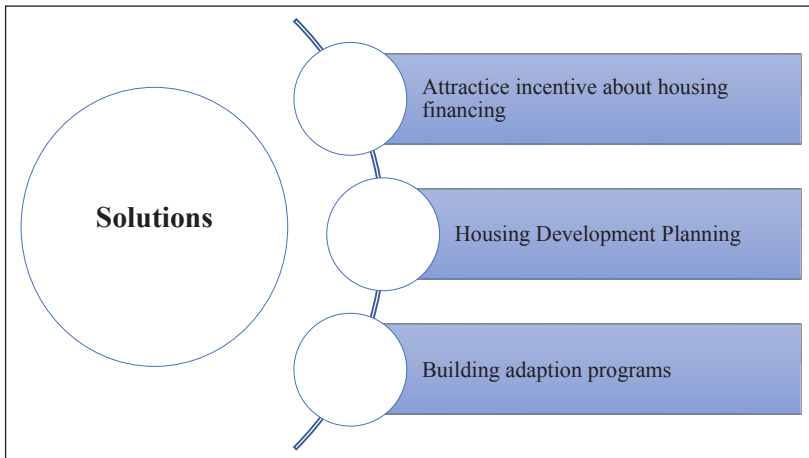
Building Adoption Programs

Normally, low-cost and affordable houses have poor management and maintenance, which hinders first home buyers from purchasing these properties. The previous projects launched by the government failed in maintenance management of the building, causing the residents living in the building and suffer from bad quality of environment such as the building decay due to low or no maintenance (Olanrewaju & Wong, 2020). The Malaysian government can learn from Singapore by creating subsidized building adoption programs to focus on each maintenance required by the residents who live on government properties to fix this problem. In addition, safety and security are also essential factors for first home buyers. However, it is impossible to

prevent all crimes in the residential areas; the government must still ensure the neighbourhood's surroundings are secured with the essential elements of security such as security cameras and guardhouses. Frequent crime issues will impact the life quality of the household (Olanrewaju & Wong, 2020). To further improve the quality of life among residents, routine maintenance incorporating both planned and responsive maintenance must be implemented (Islam et al., 2021). Furthermore, regular cleaning and sanitizing works must be carried out to ensure the residential areas are secure from bacteria and viruses that cannot be seen through residents' bare eyes, especially in the COVID-19 pandemic period (Galvin et al., 2020).

However, despite all the above factors, the government has encountered delays in processing and approving applications for land development, conversion, subdivision, and issuance of titles. Many factors need to be overcome. Therefore, the government and private sector must work together to achieve a sustainable housing supply. Housing policies and programs should be economically feasible, socially acceptable, and technically feasible.

Table 1 shows the constructs in this research where the identification of challenges and solutions to increase the first home buyers' homeownership rate in the post-COVID-19 pandemic era.

Table 1

Measurement Items of the Challenges and Solutions for First Home Buyers' Homeownership

Constructs	
Challenges	**References**
Unstable Income	Hu et al. (2021), (Blustein et al., 2020)
Urban Growth is Rising	(Khan et al., 2017), (Leh et al., 2017)
Condition of Properties	Reyes-Chua et al. (2020), Ahsan and Sadak (2021)
Solutions	
Attractive Incentives for Housing Financing	Ahsan and Sadak (2021), (Tanrıvermiş, 2020)
Housing Development Planning	(Olanrewaju & Wong, 2020), (Olanrewaju & Woon, 2019)
Building Adoption Programs	(Olanrewaju & Wong, 2020)

Figure 2

Research Framework
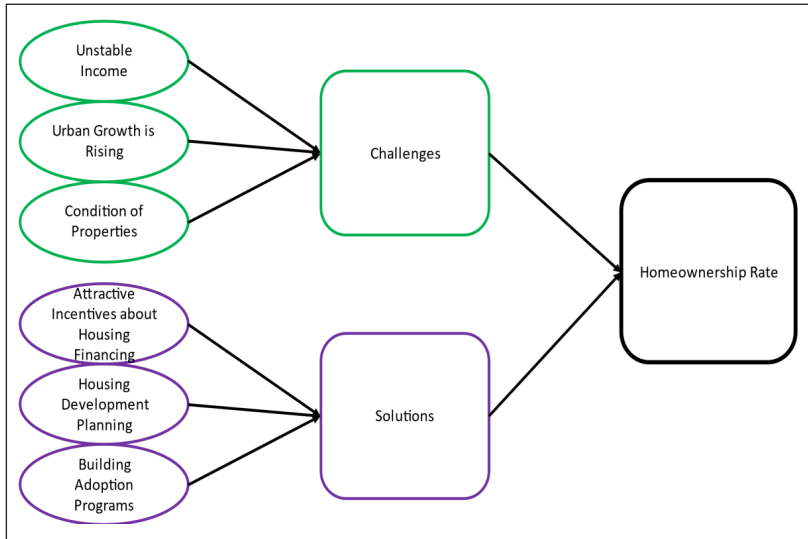
METHODOLOGY

An extensive literature review has been carried out to explore the challenges faced by first home buyers in Malaysia and the effective solutions to help them in increasing the homeownership rate among these buyers in the post-COVID-19 pandemic era. A conceptual framework was provided based on the review of existing literature to assist the data analysis stage later. Next, a quantitative approach was employed in this research where the primary instrument used to collect the primary data was a questionnaire survey. The questionnaire was created by using Google Form and it consisted of various questions about the current issues and challenges faced by Malaysian first home buyers in the post-COVID-19 pandemic era. The respondents were asked to rate the questions based on a five-point Likert Scale on three identified challenges and solutions for Malaysian first home buyers. A scale with options ranging from one to five was developed where one indicates strongly disagree while five indicates strongly agree. The target population of this research was first home buyers in Malaysia aged between 21 to 40 where the respondents were

further categorized into 21-30 years old and 31-40 years old. Next, the questionnaire was distributed to target respondents through email and internet platforms such as Facebook, Instagram and WhatsApp. Then, the data collected from the questionnaire were included in the statistical results. According to DOSM (2022), Malaysia's population in 2021 was estimated at 32.7 million while the age of citizens who range from 15 to 64 years old was 69.6%. This meant the sample size could be possibly 22.76 million (32.7 million x 69.6%). A sample size of 385 was obtained from the Krejcie and Morgan (1970) Thumb Rule of the Table in calculating the appropriate sample size in relation to the chosen population. Krejcie and Morgan (1970)'s rule has been agreed upon as one of the few leading scholars in this aspect, thus, it was adopted in this study (Sekaran & Bougie, 2016). Furthermore, as the population for this research is too large to be gauged, convenience sampling was used. Convenience sampling is a non-probability sampling approach that only collects available data from the population that are available, reachable, and willing to be involved in the data collection process. This is a viable sampling design approach to collect exploratory information. The respondents who are older than 40 years old will be filtered out manually in the data analysis later to ensure only respondents who are in the range of 21 to 40 years old were analyzed. For the analysis part, SPSS software was used to analyze the collected data. Descriptive analysis was used to analyze the demographic of respondents, the challenges of first home buyers and the solutions to mitigate the current negative impacts of the COVID-19 pandemic. Due to the limitation of time and funds, this study cannot collect all responses from potential first home buyers in Malaysia. However, the sampling size in this study is believed to represent the first home buyers population in Malaysia.

RESULTS

385 questionnaires were distributed to the targeted respondents through online platforms and then, a total of 155 responses were obtained. Therefore, it represents 40.26 percent of the response rate. As the response rate is higher than the 20-30 percent benchmark, thus, the response rate is acceptable for this research (Ebekozien et al., 2019).

Table 2

Demographics of Respondents

		Frequency	Percent
Gender	Male	72	46.5
	Female	83	53.5
Age	21 to 30 years old	117	75.5
	31 to 40 years old	38	24.5
Hometown	Johor	11	7.1
	Kedah	7	4.5
	Kelantan	4	2.6
	Kuala Lumpur	32	20.6
	Labuan	1	0.6
	Melaka	7	4.5
	Negeri Sembilan	8	5.2
	Pahang	9	5.8
	Penang	6	3.9
	Perak	6	3.9
	Perlis	0	-
	Putrajaya	2	1.3
	Sabah	1	0.6
	Sarawak	3	1.9
	Selangor	57	36.8
	Terengganu	1	0.6
Income	Below RM2000	56	36.1
	Between RM2001 to RM3000	23	14.8
	Between RM3001 to RM4000	31	20.0
	Between RM4001 to RM5000	17	11.0
	Above RM5000	28	18.1
House Price	Below RM300,000	33	21.3
	Between RM300,001 and RM400,000	54	34.8
	Between RM400,001 and RM500,000	38	24.5
	Between RM500,001 and RM600,000	17	11.0
	Above RM600,000	13	8.4
Preference House Type	High-Rise	49	31.6
	Terrace House	57	36.8
	Semi-Detached / Detached House	34	21.9
	Loft / Duplex	8	5.2
	Others	7	4.5

Table 2 shows the frequency and percentage of male and female respondents resulting from the survey conducted in this research. Among 155 respondents, it indicated that more females responded to this survey. There were 83 female respondents and 72 male respondents, representing 53.5 percent and 46.5 percent of the total

respondents in this survey. Next, respondents were divided into two categories, ranging in age between 21-30 years old and between 31 to 40 years old. It shows that the frequency of respondents aged 21-30 is 117, accounting for 75.5 percent of 155. In addition, 38 (24.5%) respondents were collected in the 31-40 age groups. The data above showed that most respondents were in the younger age category, between 21-30 years old.

Among 155 respondents, the data above clearly shows that most respondents were either from Selangor or Kuala Lumpur, whereby 57 (36.8%) participants were from Selangor, followed by 32 (20.6%) participants were from Kuala Lumpur. Next, the third-highest respondent group was participants from Johor, which represented 7.1 percent among the 155 respondents. Pahang came after Johor, which recorded nine respondents, and contributed a percentage of 5.8 percent. There were also eight respondents from Negeri Sembilan, with a rate of 5.2 percent. Moreover, the number of respondents from Melaka and Kedah was the same, with both seven respondents with a percentage of 4.5 percent. In addition, the number of respondents from Perak and Penang were the same, which recorded six respondents, each of them contributed a percentage of 3.9 percent—followed by the respondents from Kelantan, which obtained four respondents, with a rate of 2.6 percent of 155 respondents. Furthermore, three (1.9%) respondents were from the East of Malaysia, Sarawak. For the respondents from Putrajaya, two respondents were collected, accounting for 1.3 percent of 155. Lastly, the lowest frequency of the three states in Malaysia was Terengganu, Sabah, and Labuan, having the same number of respondents respectively of one person, with a percentage of 0.6 percent. There were no respondents collected from Perlis in this research. According to the data collected, most respondents were from Selangor and Kuala Lumpur and this could be due to the population in these two states being bigger than the population in other states.

The result of the maximum budget willing to be paid by respondents to purchase their first property shows among 155 respondents, the highest property price accepted by the respondents as the first property was 34.8 percent, of which 54 respondents were willing to pay between RM300,001 to RM400,000 to purchase their first property. Then, the second acceptable price range was between RM400,001 to RM500,000, with 38 respondents, representing 24.5 percent of the total number of respondents. There were 33 (21.3%)

respondents willing to afford a price below RM300,000 as their first property. Other than that, 17 (11%) respondents were willing to pay between RM500,001 to RM600,000 to purchase their first property. Lastly, among the 155 responses collected, only 8.4 percent showed the willingness to pay their first property at a price above RM600,000. Most of the respondents were willing to pay only RM300,001 to RM400,000 for the house price as the majority of these respondents were in the income range of below RM2000.00 which limited their financial capability to afford an expensive property.

The most popular type of property is the terrace house, of which 57 people (36.8%) chose this type. Next, the second preferred type of property selected by 49 respondents is high-rise property, with a percentage of 31.6%. 34 (21.9%) respondents preferred semi-detached or detached houses as their choice of property type. The second least preferable property type in this survey was the loft or duplex type, whereby only eight respondents (5.2%) selected this type as their choice. Lastly, a percentage of 4.5 percent, seven respondents have other preferences of the types of properties. The majority of the respondents preferred to buy landed properties where terrace house is their priority while those who live in urban areas know the landed properties are expensive to be owned which caused these respondents to choose high-rise properties as their priority property to be chosen. Figure 3 illustrated the location data of the respondents' decision to own their first property. Among 155 respondents, the above data identified that most of the respondents chose to own a home in Selangor or Kuala Lumpur. Almost half of the respondents wanted to have their first house in Selangor, with 76 of them having chosen this as their desired location, representing the highest percentage, 49 percent. On the other hand, 53 respondents (34.2%) decided to be in Kuala Lumpur. Next, the third-highest respondent group is Negeri Sembilan, representing a percentage of six (3.9%) respondents. Five (3.2%) respondents then selected Negeri Sembilan as their desired location to purchase their first property. Moreover, the frequency of respondents choosing Johor and Melaka was the same, and both were recording four respondents with a percentage of 2.6 percent. Next, three respondents were recorded selecting Perak as their desired location to live, which has a rate of 1.9 percent. On top of that, Sarawak and Kedah have the least number of respondents recorded, and both have only two respondents, each contributing a percentage of 1.3 percent. Finally, there were no respondents recorded for Sabah,

Perlis, and Kelantan. Therefore, based on the collected data, most of the respondents chose to live in Selangor and Kuala Lumpur to obtain more job opportunities.

Figure 3

Desired Location for First House of Respondents
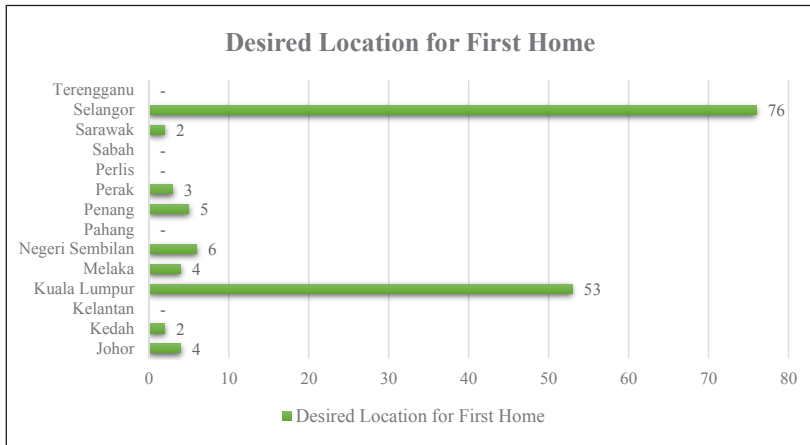
Table 3

Willingness to Purchase an Overbudget House

	Frequency	Percent
Yes	116	74.8
No	39	25.2
Total	155	100.0

Table 3 shows 155 respondents' results on whether purchasing a house is challenging for them. 116 respondents (74.8%) were willing to buy an ideal house at a price slightly higher than their budget. Nevertheless, only 39 (25.2%) respondents were unwilling to purchase an overbudget home. This could be due to the reason that majority of the respondents considered the traveling time to their office could cause mental exhaustion in the long term and the possibility of enlarging their family members in the future which will need a bigger house to fit in more family members.

The Causes of Issues and Challenges in Purchasing the First Property

Table 4

Summary of Agreement Level of the Causes of Issues and Challenges

Causes of Issues and Challenges	Agreement Level based on the Likert Scale					Mean Score	Standard Deviation	Rank
	1	**2**	**3**	**4**	**5**			
Personal income affects the property purchase decision	2	2	6	44	101	4.548	0.749	1
The rise and fall of property prices affect the property purchase decision	4	8	17	57	69	4.155	0.988	2
Low income is an excuse for a lack of savings	13	23	30	52	37	3.497	1.240	3
Accept living nearby working area, but the property price is higher	5	19	57	46	28	3.471	1.028	4
Low personal income is a better reason than poor financial management	12	24	36	50	33	3.439	1.207	5

Table 4 shows the summary result of the causes of issues and challenges faced by first home buyers in Malaysia. The cause which has the highest mean score (4.548) is "personal income affects property purchase decision", while the cause with the lowest mean score (3.439) is "low personal income is a better reason than poor financial management". Furthermore, there were two causes obtaining the highest agreement level which were "personal income affects property purchase decision" and "the rise and fall of property prices affect property purchase decision". According to the data collected, 65 percent majority of the respondents have a level of strong agreement that they will purchase a house based on how much money they earn so that they can afford to repay the monthly loan. This is aligned with Tan (2013)'s statement that people will not choose to buy a property that is beyond their financial capability.

Furthermore, the results show that more than half of the respondents agreed that the lack of savings is due to low income. It is undeniable that the remaining income after all the monthly debts and monthly expenses are deducted is not much to be used as savings. Therefore, the higher the income level, the higher the amount they can put into savings. This is aligned with Lim, Olanrewaju, Tan, and Lee (2018)'s statement. Respondents believed that poor financial management caused difficulty for them to making a house purchase decision. Although theoretically, if the property price is lower, the demand for property will increase. On the other hand, 30 percent of the 155 respondents would prefer to live near their workplace, even though the property price is higher than expected. This is because it is more convenient and can avoid traffic jams which might be leading to mental health, especially after long work hours. Thus, they are willing to pay a little bit more for the house price after considering all the indirect costs of owning a house that is far from their workplace.

Table 5

Summary of Agreement Level of the Solutions in Purchasing First Property

Solutions in Purchasing First Property	Agreement Level based on the Likert Scale					Mean Score	Standard Deviation	Rank
	1	2	3	4	5			
Government should make housing more affordable	1	0	15	37	102	4.542	0.723	1
Builders should develop a well-planned and well-defined overall planning structure	1	1	14	43	96	4.497	0.742	2
Government should provide subsidies or attractive incentives	1	3	12	47	92	4.458	0.775	3
Government should cooperate with major financial institutions	1	0	21	40	93	4.445	0.774	4
Reduce interest payment is a better solution than reducing down payment	2	8	31	42	72	4.123	0.989	5
Government or financial institutions should provide better housing schemes	2	12	25	46	70	4.097	1.018	6

Table 5 summarizes the agreement level of the solutions for first home buyers in purchasing a house. The mean and standard deviation were shown in the table above. The government solution should make housing more affordable with the highest mean (4.542), while the government or financial institutions should provide better housing schemes with the lowest standard (4.097). The results show when the government makes housing financing more affordable for first home buyers, these buyers will purchase ideal property and can afford to repay the monthly housing loan instalment. Most of the respondents agreed that the government should cooperate with major financial institutions to obtain more credit facilities from financial institutions for first home buyers when they are buying property. According to Table 5, the respondents' agreement level of builders should develop a well-planned, and well-defined overall planning structure indicating the importance of builders' participation in helping first home buyers to purchase their first property. Lastly, most respondents preferred to reduce interest payments over down payments because down payments are only the initial cost when purchasing a house. Repaying the mortgage loan in long term is much more difficult. If the interest payment is reduced, the monthly housing loan instalment payment will be reduced.

DISCUSSION

This research has identified the causes of issues and challenges faced by first home buyers in Malaysia where personal income is the most important factor that causes difficulties in first home buyers' housing ownership rate in the post-COVID-19 pandemic. The pandemic has caused some of the first home buyers to lose their job or reduction in their income. Furthermore, the Central Bank of Malaysia has increased the overnight policy rate (OPR) by 25 basis points in May 2022 and another 25 basis points in July 2022 which further worsen the condition as the household cash flow and their purchasing power have been affected severely. As the results show the majority (65%) of the respondents will choose only houses that they can afford to repay the monthly instalment, and most of the respondents can only purchase properties in suburban or rural areas which are far away from their office. Although the increase of the OPR is unavoidable due to economic reasons, incentives and initiatives can be given by the government to first home buyers to lessen their financial burdens.

First home buyers are also concerned about the future price of the purchased property as they might resell it in the future. If the property price drops significantly after the purchase, this will cause significant financial loss to them. Moreover, respondents agreed that the low income has caused a lack of savings which causes more difficulties for them in paying the property deposits and legal fees. Due to the COVID-19 pandemic, Malaysians might have already used up their savings to survive in this harsh time. This is even worse when first home buyers need to repay monthly instalment constantly which further reduce the available income that can be put into their savings. However, there is a minority of respondents (30%) said they are willing to pay more to live nearby their office to avoid traveling time which might cause mental exhaustion in the long term.

On the other hand, the results show the government is the crucial party that should ensure first home buyers can get affordable housing financing. Despite many schemes and policies that have been promoted to the market, the supply of affordable houses is still lower than the market demand. Once the houses become more affordable, first home buyers will be able to purchase their ideal homes and able to repay the monthly instalment without affecting their financial capability. Furthermore, people are moving toward cities to seek better career development and quality of life, thus, the supply of affordable houses in urban areas should be increased. As the maintenance of buildings is imperative in ensuring the operation of facilities, respondents agreed that developers should develop a well-planned and well-defined overall planning structure that can ensure the sustainability of the buildings in the future. By considering the maintenance issues in the planning stage, future routine maintenance can be conducted constantly with affordable maintenance fees. Government can provide subsidies or attractive incentives to ensure affordable houses can continue to maintain their operation through frequent maintenance. Respondents also think the government should cooperate with major financial institutions to provide a better mortgage loan package to first home buyers. Currently, Maybank has introduced the HouzKEY program which allows home buyers to repay the principle of the loan five years later which will lessen the borrowers' financial burden. However, some of the respondents think the government should reduce the interest instead of providing a better scheme that can reduce the amount of deposit. Only a minority of the respondents think the government and financial institutions should provide better

housing schemes. The number of this group of respondents is small in number as government and financial institutions have introduced many housing schemes such as My First Home Scheme (MFH), 1 Malaysia People's Housing Scheme (PR1MA) and Residensi Wilayah Keluarga Malaysia (RUMAWIP) which already gave help to first home buyers.

CONCLUSION

Undeniably, the COVID-19 pandemic has caused severe problems to Malaysia's economy, including the housing market. The government has taken several policies to tackle these problems, such as lowering the interest rate and introducing HOC to the first home buyers where the demand for the houses can be ensured. Malaysians nowadays are facing the problem of insufficient income for most households. The gap between demand and supply for the property is widening. Among all causes of issues and challenges, the reason that 'Personal Income Affects Property Purchase Decision' has the highest record. As we know, the money used for purchasing comes from the money earned by first home buyers. However, no matter how good the person's financial management is, if the income level is not high, they can only meet actual consumption, and there is no extra money for savings or other plans. Hence, low personal income is the main reason for financial ability instead of poor financial management. The most recommended solution is encouraging the government to make housing financing more affordable. When housing becomes more affordable, the demand for properties will increase, and the first home buyers' homeownership rate will also increase. Therefore, every home buyer can own their ideal house and reduce their mortgage burden, including first house buyers.

The government plays an essential role in the economic and social growth of a country. The government should consider the increase in the homeownership rate among first home buyers as a higher homeownership rate would lead to the economy and social growth. Most of the respondents need a hand in their property purchase journey throughout the survey. They will consider the housing payment budget rather than the property location. Under such circumstances, the government should put more effort to figure out how to solve the

problems of low-income groups who may need more financial help from the government. For example, the government can provide a more affordable price range for houses. In addition, the government can cooperate with major financial institutions to develop appropriate housing schemes that offer benefits to first home buyers. This would reduce the financial burden of first home buyers and reduce their stress levels which may affect their mental and physical health. Hence, when the first home buyers reach the age of deciding to purchase a property, this research can be used as a guideline to find out what solutions they can take to solve and mitigate the issues and challenges faced when purchasing their first property. Lastly, future academic researchers may explore more solutions that can minimize problems and difficulties in purchasing the first property.

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