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HOUSING PURCHASING DECISION (HPD) FOR NEW TOD AREA IN KOTA KINABALU

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Abstract

Housing preference among urban dwellers in Kota Kinabalu's Transit Oriented Development area is an important issue since housing unit prices are often expensive nowadays. Urban dwellers face a wide range of problems, and as they have evolved into the primary segment of the housing market, they have been continuously confronted with housing decisions based on their preferences. Apart from that, preferences for features of the housing units and developments vary among different groups of urban dwellers based on their demographic profiles. This study aims to identify the most common preferences among urban dwellers that influence their housing purchasing decisions in Transit-Oriented Development (TOD) areas. The data was obtained through a questionnaire survey using a convenience sampling approach. Based on 105 working adult-age respondents, the findings indicated that based on the mean and ranking score, the preference aspect that influenced purchasing decisions the most was the neighbourhood and income factor at a 4.98 mean value.

Keywords: Housing Preferences, Housing Purchasing Decision, Transit Oriented Development

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INTRODUCTION

A house is both an essential and fundamental need for individuals, as it holds a crucial role in their lives (Hassan et al., 2021). The process of gathering funds for a down payment often requires extensive and persistent efforts over an extended period. Malaysia has actively participated in various innovative advancements, particularly within the housing industry. Architects, designers, and developers consistently strive to create good quality buildings and designs that not only attract buyers but also offer a more holistic approach to the residential lifestyle.

The housing market in Kota Kinabalu as outlined by Chia et al, (2016) revealed significant gaps between developers' expectations and purchasers' capabilities to own or rent a house. These disparities between house buyers' expectations and attributes provided by developers result in consumer dissatisfaction and adversely affect developers' profit due to suboptimal selling prices. In addition, local housing developers in Sabah have not adequately conducted gap analyses to understand consumers and their actual needs, indicating a focus on developer convenience rather than consumer-centric practices.

In light of these issues, the study aims to determine the main factors contributing to the purchasing decisions of residents living in a Transit-Oriented Development (TOD) area. The outcome of this paper is the identification of the main factor that influences the purchasing decisions of urban dwellers in the study area.

LITERATURE REVIEW

Concept of Transit-Oriented Development

Transit-Oriented Development (TOD) is an advanced urban planning strategy that arranges living, commercial, and recreational spaces within walking distance of public transport. This transformative approach, rapidly gaining popularity, builds compact, pedestrian-friendly neighbourhoods centred around well-designed rail networks. TOD aims to reduce transportation stress, enhance safety, and decrease reliance on cars. It seamlessly integrates regional planning, urban rejuvenation and pedestrian-centric design. Celebrated as an ideal environment for living, working, and leisure, TOD has spurred real estate developers to meet the demand for high-quality urban areas near railways. Beyond immediate needs, TOD offers a practical solution to climate change and energy security by promoting denser, walkable communities that cut down on driving and energy consumption.

Principles of Transit-Oriented Development

TOD is a nuanced urban planning strategy that revolves around several key principles, serving as a foundation for designing neighbourhoods that are not only accessible but also sustainable and vibrant. It is important to note that the

specifics of densities and designs within TOD are contingent upon a multitude of factors, such as location, land use, and the availability of redevelopment property among others. PLANMalaysia (2018), in its dedicated Transit-Oriented Development Guideline, has established four (4) criteria for defining a TOD area; i) the transit serves as an interchange station or transportation hub, ii) the area is designated as a rail transit in an urban or specialised area, iii) the location is free from natural disaster risks or pollution; and, iv) there is existing or planned infrastructure in the area. These principles act as a starting point for the development of specific local plans, involving collaborative efforts with the community to tailor the approach to the unique characteristics of each area. Each principle is briefly defined from previous research as follows:

Proximity to a Transit Station

At the heart of TOD lies the principle of proximity to a transit station. Generally, TOD is planned to cover an area within a radius of 400 to 800 meters from a transit station. The 800-meter limit is considered the maximum distance for pedestrians to comfortably walk to a transit station (Abdullah et al, 2022; Khalid & Samsudin, 2023). This emphasis on proximity ensures that residents have easy access to public transportation, promoting the use of transit services.

Mixed Land Use

A hallmark of successful TOD is the incorporation of mixed land use. This entails creating neighbourhoods that seamlessly blend residential units, commercial areas, places of employment and public amenities. The intention is to provide residents with the convenience of accessing a variety of services within walking distance, thereby reducing the need to drive to other neighbourhoods. This principle aligns with the idea that a diverse and integrated community fosters a more sustainable and liveable urban environment (Rosni et al, 2018; Ahmad et al, 2022).

Conduciveness to Transit

The success of TOD is intricately linked to its ability to provide an environment conducive to transit usage. This involves not only the provision of efficient transit facilities but also the creation of an appealing atmosphere (Sabri et al, 2013). TOD achieves this by incorporating attractive landscaping, covered walkways, cycling paths, safety measures, and security features. By making the transit experience comfortable and pleasant, TOD endeavours to eliminate monotony for pedestrians and cyclists, ultimately encouraging more people to opt for transit services (Abdullah et al, 2022; Khalid & Samsudin, 2023).

Pedestrian and Cyclist Friendly

TOD is intentionally designed to be pedestrian and cyclist-friendly. The layout and infrastructure are developed to prioritise the convenience of those on foot or bicycles. This deliberate design choice aims to make walking or cycling to transit stations the preferred alternative to driving. The emphasis on pedestrian and cyclist infrastructure not only aligns with the principles of sustainability but also contributes to the overall health and well-being of the community (Ahmad et al, 2022).

Integrated Transportation Hub

Integral to the functionality of TOD is the creation of an integrated transportation hub. This involves co-locating terminals for all major transportation modes and ensuring seamless transfers between these different modes. Khalid & Samsudin (2023) explained that the integration of transportation facilities facilitates efficient connectivity, making it easier for residents to transition between various modes of transportation within the same vicinity.

Factors contributing to Housing Purchasing Decision (HPD)

Housing Purchase Decision (HPD) can be explained as the buyer's comprehension of the reasons behind buying residential properties and their assessment of pertinent factors before making the decision (Syukor, 2021). Implicitly, deciding to purchase a residential property is tantamount to deciding to buy a house, provided that the chosen dwelling aligns with the buyer's needs and preferences. Hassan et al (2021) described housing preferences as an individual's evaluation of the essential characteristics to consider when searching for a home. Typically, an individual considers purchasing a home only after confirming that it satisfies criteria that are deemed crucial and align with their requirements.

Housing Location

The location of a residential area stands as a crucial factor influencing housing purchasing decisions among homebuyers. The property's location is a pivotal factor as it carries long-term financial implications for the homebuyers (Thanaraju et al, 2019). Potential buyers reconsider their residential location when there is a misalignment between their housing consumption and needs. Dissatisfaction with both the residential unit and neighbourhood plays a significant role in shaping residential mobility intentions, reflecting individual housing preferences (Hassan et al, 2021). Individuals generally choose specific locations based on the presence of transit networks and a mix of land use, (Rosni et al, 2018) which shapes other important factors such as the living environment, as well as the availability and accessibility of services.

Financial Capability

In terms of housing prices, values are influenced by locational factors. A property in a suburban area tends to be priced lower than one in an urban area as a suburban development usually implies greater distance from schools, shops, malls and public transport (Sabri et al, 2013). House prices are closely linked to income as buyers allocate a large portion of their earnings to housing costs. The affordability of a house depends on income, debt-to-income ratio, and interest rates (Chia et al, 2016). Higher incomes enable the purchase of more expensive homes, while lower incomes limit buying power. Real estate markets consider median incomes and economic conditions in determining housing values and pricing.

Housing Neighbourhood

The neighbourhood significantly influences homebuyer decisions and is an important aspect in determining preferences, impacting housing prices and market trends. Quality neighbourhoods, emphasizing safety, comfort and cleanliness, are crucial in contemporary development layouts. Concepts like Safe City, Walkable City, and Green City have shaped residential areas, aligning with market demands (Rosni et al, 2018; Abdullah et al, 2022). Perry's Neighbourhood model emphasizes low-density planning with amenities catering to 5000-6000 people. Homebuyers value specific attributes, including safety, diverse access, delinquency protection, lower density, improved recreation access, and an appealing appearance (Din et al, 2023). Additionally, the rising preference for green spaces and urban parks is driven by their positive impact on community well-being and the local climate. Thus, parks and open spaces are crucial selling points for developers, serving as a tool to attract potential buyers. Significant investments in both softscape and hardscape elements in residential construction can elevate property value, leading to a higher selling price (Chai et al, 2023). Figure 1 shows the theoretical framework which highlights the TOD principles and factors influencing housing purchasing decisions.

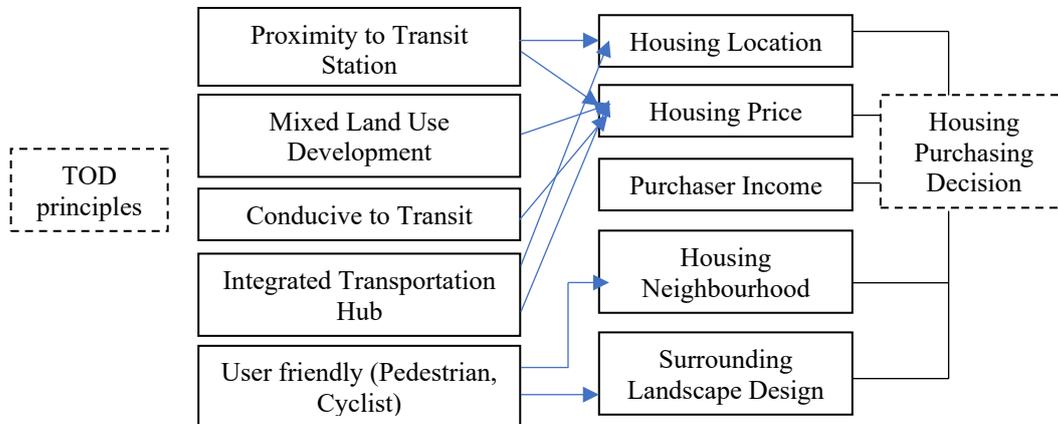


Figure 1: Theoretical Framework of TOD Principles and Factors Influencing Housing Purchasing Decision.

Source: Adapted from previous studies in related topics.

RESEARCH METHODOLOGY

Study Area

The rationale for choosing the Aeropod site is rooted in its status as the inaugural Transit Oriented Development (TOD) area in Kota Kinabalu, Sabah. It stands out as the largest integrated development in the city spanning over 60 acres. Located 5 kilometers from the heart of Kota Kinabalu, and close to the airport, the Aeropod concept envisions the creation of Kota Kinabalu's integrated linear city, incorporating elements such as a retail mall, boutique retail offices, Small Office Versatile Offices (SOVOs), residential suites, high rise apartments, green parks, and recreational amenities. Since it was launched in 2020, the area has offered more living spaces in the form of SOVO service apartment types with a price range of RM350,000 to RM900,000. In addition, Kota Kinabalu holds the position of the second-lowest scoring city in the country according to the Malaysian Urban-Rural National Indicators Network (MURNInets) on Sustainable Development Happiness Index study in 2021. The selection of the site is motivated by the unique environment in Sabah and aims to investigate the preferences of urban dwellers in response to the novel setting focusing on housing preferences in the TOD area.

Method

As this study focused on quantitative methods, a questionnaire survey was carried out among urban dwellers living in the Aeropod apartments in Kota Kinabalu. The design of a research method was formed following the research topic and objectives. This selection was made to provide better insight into the housing preference trends among city residents, consider the factors influencing these

preferences and identify how these factors affect the purchasing decision for their houses. The study used a quantitative approach with a structured questionnaire form using a convenience sampling method. It was conducted between September 2022 and October 2022, taking 5 weeks to complete. This research is limited to urban residents within the TOD area, restricting the sample size and respondents to this specific group. Descriptive analysis was performed in the form of mean rank and total average mean whilst Cross-tabulation analysis was used to show the relationship between chosen variables based on the scope of the study. A ranking score was applied which highlighted the five (5) factors derived from Table 2 using Radar values (which were generated manually from Excel) as an outcome of the study.

ANALYSIS AND DISCUSSION

Table 1 shows the cross-tabulation analysis on demographic profiles including; i) income-housing ownership, ii) marital status-number of household, iii) income –profession and, iv) housing ownership – perception of difficulty in securing housing loan. The table shows that most of the respondents in the B40 income group were renters compared to those in the M40 income group, as respondents in the M40 group mostly owned the house. This finding is supported by Chia et al (2016) who claimed that those with strong income stability can buy properties that they prefer. In terms of marital status, most respondents had less than 3 household members, specifically married couples without children. Additionally, most respondents were from the M40 income group working in the government sector, followed by those working in private companies. This finding can be further supported by their perception of the difficulty of securing housing loans and their ownership status. Most respondents who rented their housing units stated that they had been renting instead of buying the unit due to their weak financial eligibility criteria that prevented them from applying for a loan. This finding is supported by Chai et al (2023) who claimed that income stability is an important aspect of housing purchasing decisions.

Table 1: Cross-tabulation Analysis on Demographic Profile of Residents

Income				
Housing Ownership	B40	M40	T20	Total (N)
Owner	9	28	0	37
Renter	41	27	0	68
Total (N)	50	55	0	105
Marital Status				
No. of Household	Single	Married	Divorced	Total (N)
1	39	0	0	39
2	29	33	0	62
3	0	2	0	2
4	0	2	0	2
Total (N)	68	37	0	105
Income				
Profession	B40	M40	T20	Total (N)
Government	20	32	0	52
Private Company	1	20	0	21
Government Linked Company	19	3	0	22
Student	10	0	0	10
Total (N)	50	55	0	105
Difficult to secure housing loan				
Housing Ownership	Agree	Moderate	Disagree	Total (N)
Owner	10	25	2	37
Renter	68	0	0	68
Total (N)	78	25	2	105

Meanwhile, Table 2 indicates the factors contributing to the purchasing decisions of residents living in the Aeropod area. The five (5) factors of focus in the study are price, income, location, neighbourhood and landscape design.

Table 2: Factors Contributing to Purchasing Decisions by Residents

Preference Aspects that influence Purchasing Decision	N	Mean	Rank	Total Average Mean
Price				
Price suitability with household income in the TOD area		1.37	5	
The preferred price for affordable housing in TOD		4.91	4	
Price suitability with the housing type offered	105	4.96	2	4.24
Availability of affordability initiatives, programme, and schemes		4.96	2	
Availability of housing choice		4.98	1	
Income				
Monthly high expenditure affected housing preference	105	4.99	1	

Preference Aspects that influence Purchasing Decision	N	Mean	Rank	Total Average Mean
The high cost of living affects their income eligibility to afford the housing unit		4.96	2	4.98
Location				
Strategic location within the Central Business District (CBD)		4.99	1	
Strategic location to community facilities		4.97	2	4.39
Strategic location to commercial or shop lots within walking distance	105	4.97	2	
Strategic location in relation to the workplace in the study area		2.63	4	
Neighbourhood				
Conducive neighbourhood with adequate provision of facilities		4.99	1	
Liveable and safe neighbourhood	105	4.98	2	4.98
Good accessibility and connectivity		4.97	3	
Landscape Design				
Pleasant landscaping for physical and mental wellbeing		4.98	1	
Provision of gated and guarded landscape		4.96	2	
Green space for sustainable residential area	105	4.95	3	
Street planting (buffer zone) for safety barrier		4.95	3	4.96

Note: Mean represents as 1-1.99 (Strongly dissatisfied), 2-2.99 (Dissatisfied), 3-3.99 (Moderate), 4-4.99 (Satisfied), 5- Strongly satisfied

Price

The findings indicated that most of the respondents were satisfied with the availability of housing choices provided in the area with a mean value of 4.98. However, findings also showed that they were not satisfied with the price suitability in relation to their income with a mean value of 1.37. The majority of the B40 group with monthly incomes of less than RM4849 were renting rather than owning a house (Table 1). The current housing prices in the housing market are expensive for them and affect their income eligibility to secure a loan.

Income

Most respondents believe that high expenditure will affect their purchasing decision in the area with a mean value of 4.99. This is also related to income eligibility to afford the housing unit, as it is affected by the high cost of living. This finding is supported by Thanaraju et al (2019) who argued that higher living costs significantly affect the decision to purchase a house.

Location

Proximity to public transportation, as part of the TOD principle, positively influences housing purchasing decisions. Housing in the TOD area tends to be more attractive to those who value easy access to public transit. This can be a key factor in the purchasing decision, especially for individuals who want to minimise their commuting time.

Based on Table 2, most respondents were satisfied that the area is strategically located within the Central Business District (CBD) with a mean value of 4.99. Meanwhile, in terms of its proximity to workplaces, most of them were not satisfied as it was not near their workplace with a mean value of 2.63. This is supported by Sabri et al (2013) and Abdullah et al (2022) in which it is claimed that residents prefer housing with easy access to public transportation and it will reflect on the affordability to own or rent the house.

Neighbourhood

Most respondents were satisfied with the surrounding neighbourhood, and the conducive neighbourhood with adequate provision of facilities affected their decision to own or rent the house (mean value of 4.99). Other than that, the liveable and safe neighbourhood also affected their purchasing decision to own the house (mean value of 4.98). This finding is supported by Rosni et al (2018) stating that planning for a mixed-use housing development with an inclusive neighbourhood design significantly contributes to providing better living environments for the residents.

Landscape Design

User-friendly landscaping design also influences housing purchasing decisions. TOD areas are often designed to be pedestrian-friendly with amenities within walking distance. This can be appealing to dwellers based on the convenience of having daily necessities nearby which consequently can influence housing purchase decisions. Based on the findings, respondents were satisfied with the pleasant landscaping for physical and mental well-being with a mean value of 4.98. This is supported by Din et al (2023), noting that appreciation of nature, through the provision of green living environments, may impact the quality of life of the residents. Figure 2 shows ranking scores based on the mean of each factor that influences housing purchasing decisions in Aeropod, Kota Kinabalu to summarise the findings. It showed that among the five (5) factors, income and neighbourhood factor was ranked 1st with a total average mean of 4.98 respectively. This is followed by landscape design with a total average mean of 4.96 (rank 2). Meanwhile location factor was ranked 3rd with a total average mean of 4.39 and the lowest rank score was the price factor with a recorded total average mean of 4.24.

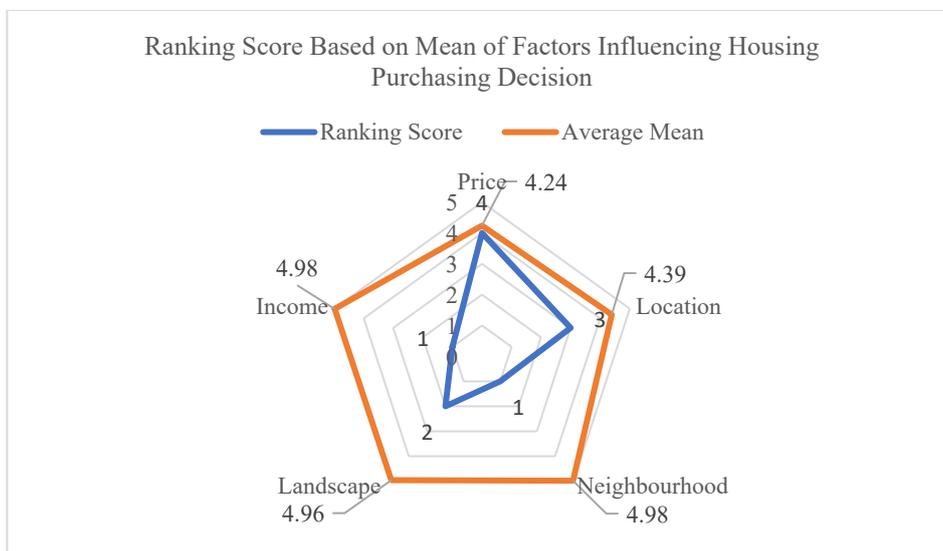


Figure 2: Ranking Score Based on Mean of Each Factor Influencing Housing Purchasing Decision in Aeropod, Kota Kinabalu

CONCLUSION

This study has determined the factors of housing purchasing decisions among urban dwellers in the TOD area in Kota Kinabalu. The primary determinant of residential ownership among inhabitants is their income, with salary emerging as the foremost factor influencing housing choices. This is closely followed by considerations such as the location, price, neighbourhood attributes, and design of the surrounding landscape. Notably, the focal point of attention in Aeropod is not solely the residential offerings but also the reconstruction of the Tanjung Ara railway station, which locals speculate is designed to accommodate a future MRT or monorail system in the area. Adhering to the recommended guideline that housing expenses should not exceed 30 percent of the buyer's salary, a minimum monthly income of RM4510 would be required to afford a unit in the project.

The findings of this study have the potential to stimulate broader discussion and analyses, particularly among developers on meeting the needs and preferences of potential house buyers in TOD areas. The ensuing debate is expected to be highly beneficial, extending its relevance to scholars engaged in similar fields of study. The insights derived from this analysis could prove invaluable to researchers and policymakers grappling with the scarcity of research on crucial factors and perspectives in the realm of housing in TOD areas.

In the context of Kota Kinabalu within the TOD area, where limited research has been conducted on these significant factors, the study emerges as a valuable resource. The dearth of comprehensive exploration in these areas underscores the potential usefulness of the study's findings for a wide array of

researchers and policymakers. Moreover, the understanding gained from the study regarding housing preferences could significantly contribute to the improvement of government campaigns and programmes targeted to different demographic groups. The significance of this study is to serve as a guideline for urban planners, developers and contractors to gain a better understanding of the actual housing needs of urban dwellers in the Kota Kinabalu market.

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