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**THE DEVELOPMENT OF HOUSING MISMATCH MODEL FOR AFFORDABLE HOUSING IN MALAYSIA USING FACTOR ANALYSIS**

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**Abstract**

The Malaysian government's dedication to achieving sustainable development goals and ensuring adequate shelter for all Malaysians has placed significant emphasis on the development of affordable housing. However, housing demand among low- and middle-income earners are confronted with a multitude of factors that hinder this effort toward achieving this goal. These issues collectively represent a housing mismatch. This multidimensional and unstructured set of categories need to be narrowed down and organised into distinct components factors of housing demand. This study aims to identify key housing demand factors and dimensions to assess gaps faced by low- and middle-income earners. Exploratory Factor Analysis (EFA) was applied, using total variance, scree plot, pattern matrix, and reliability testing to determine latent constructs influencing housing demand. A survey was conducted among 200 potential buyers who were eligible to purchase affordable housing and had experience applying for such housing. The results revealed that remaining 31 attributes producing a four-factor solution comprising product factors, private financial requirements, government regulation, and location, all demonstrating acceptable reliability based on Cronbach's alpha values. The results have prompted discussions on the government's potential role in addressing housing demand needs and wants, emphasizing its crucial contribution to advancing sustainable development within Malaysia's affordable housing sector.

**Keywords:** Housing mismatch, Housing Demand, Factor Analysis

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## INTRODUCTION

Around 75.1% of Malaysia's approximately 32 million residents reside in urban regions (DOSM, 2020), where the need for affordable housing is most pressing. Even though the supply of affordable housing is not taken lightly by the government, issues of overhang and unsold residential properties in Malaysia have brought attention to the complex interplay of economic, social, and market dynamics that influence the country's housing sector. According to Malaysia's National Property Information Centre (NAPIC), unsold and overhang properties are defined as those that are already completed or ready for occupancy but remain unsold for nine months. In Malaysia, the property market serves as an indicator of economic stability and growth. The alignment between housing demand and supply plays a pivotal role in ensuring balanced development. The most recent comprehensive report by NAPIC (2023) indicates that Malaysia recorded 25,816 housing units in overhang during the year, with a total value of RM17.68 billion. Surprisingly, compared to 2022, this represents a significant improvement in both the value and volume of overhang units. In 2022, overhang units in Malaysia were recorded at 27,746, with a total value of RM18.41 billion.

Despite proactive efforts by the government, exemplified by the recent announcement of the Madani Inclusive Housing Concept aimed at building more houses for low to middle-income groups, which targets the provision of 500,000 affordable housing units under the 12th Malaysia Plan (RMK12) and extended. A crucial aspect often overlooked is the issue of housing mismatch. According to Rahim and Kamaruddin (2023), private developers tend to build affordable housing outside urban areas, which is the opposite of what is required by housing demand. The mismatch between the type of housing provided under government programs and the specific needs and limitations of the intended demographic can lead to underutilized developments and an artificial oversupply (Saleh et al., 2024).

Although the supply of affordable housing is on the rise, a disconnect remains between what is built and what is needed by the local populace. While the government intends to increase homeownership and improve living conditions for its citizens through this specific program, there appears to be a research problem: the potential for an oversupply in the market, ironically planned for those it seeks to aid. It begs the question: should the focus shift towards a more nuanced perspective on housing demand mismatch issues? What are the sequential components for measuring housing mismatch? This demand-side perspective considers variations in regulatory requirements, spatial location, internal and external physical aspects of housing, and the financial constraints of potential buyers (Majid et al., 2023). Therefore, the research insists on addressing the proper components of barriers that influence housing demand for affordable housing. Spatial issues such as regulatory sensitivity, financing challenges, housing features, and the spatial location of development were taken into

consideration, rather than simply increasing the supply of affordable units. Therefore, by prioritizing a thorough understanding of local requirements and refining policies to reflect this, the government and developers can work towards the development of affordable housing where supply is thoughtfully adjusted to housing demand, ultimately preventing the inefficiencies of oversupply and generating more meaningful social and economic outcomes for the populace.

## **LITERATURE REVIEW**

### **Affordable Housing**

Affordable housing was defined as housing deemed affordable to those with a median household income or below, as rated by the national government or a local government using a recognized housing affordability index. Saleh et al. (2025) expand affordable housing refer to housing intended for households or individuals with income below the median household income level. The enforcement of making affordable housing for the low and middle-income class may enhance the quality of life of this social group. It encompassed a range of housing types and programs, from emergency shelters to provisional housing, non-market rental, formal and informal rental, indigenous housing, and finally to affordable homeownership.

As per the Malaysian government's classification, affordable housing encompasses residences priced between RM42,000 and RM300,000, with factors like location, size, and property type considered. To tackle the affordable housing challenge in Malaysia, the government has introduced various initiatives, such as the People's Housing Programme (PPR), the Rumah Mampu Milik (RMM) scheme, Perumahan Rakyat 1 Malaysia (PR1MA), Perumahan Penjawat Awam 1Malaysia (PPA1M) scheme, and the MyHome scheme (Mohammad et al., 2018). Other than that, Residensi Wilayah, that previously known as RUMAWIP has offered prices between RM 250,000 to RM 300,000, with a focus on locations primarily in Kuala Lumpur, Putrajaya and Labuan.

### **Variation of Housing Mismatch**

The determinants for identifying the existence of housing mismatch in the affordable housing market include homeownership rates and living status. The Khazanah Research Institute (KRI) conducted measurements using homeownership rates to identify imbalances in housing demand. Meanwhile, Ozanne and Thibodeau (1983) initially assessed variations in housing demand by analyzing renter characteristics and rental property prices. Past scholars have long debated housing mismatch from the demand perspective, and the most common measurement framework derives from the Hedonic Pricing Model (HPM). Typically, in this model, housing attribute indicators are classified into locational traits (L), structural traits (S), and neighbourhood traits (N) (Thalmann, 2003). From the Malaysian point of view, Gapor et al. (2011) also adopted this theory in

their research on urban housing in Malaysia. They outlined six attributes to identify the mismatch faced by respondents regarding housing, namely home location, house price, home design, distance from work, housing compound, and ethnic composition. Subsequently, they conducted the study by comparing demographic profiles with the housing problems reported by respondents. However, the present researcher holds a contrasting opinion on the housing attributes documented by Gapor et al. (2011), particularly concerning the distinction between home location and distance from work, based on the definitions provided by the authors. Meanwhile, as specified in Faizul et al. (2019), the research addressed housing issues related to perception and satisfaction by considering indicators such as management, safety, facilities, and location. Although the study focused on ownership issues for low-cost housing, with greater emphasis on facilities and management, it still referred to housing mismatch as experienced by the occupants.

Following the research frameworks of Majid et al. (2023) and Saleh et al. (2024, 2025), this study adopts a variation of the housing mismatch concept from the housing demand perspective by examining patterns of homeownership in specific areas. Even when individuals meet the minimum income requirements set by the government to qualify for affordable housing, some still choose not to purchase such properties. Understanding this behaviour requires identifying the full range of housing mismatch indicators from the demand side, as regulated and influenced by both federal and state governments.

### **Initial Factors of Housing Mismatch for Housing Demand**

Housing demand refers to the desire for housing combined with the capacity to pay for it. The level of housing demand is influenced by several factors, including income levels, trends and preferences, and external factors counting economics and regulation. When these factors contribute high contradiction between another, it can widen the gaps of housing mismatch for housing demand (Saleh et al., 2025).

Empirical research has further identified multiple determinants of housing mismatch. Majid et al. (2023) and Saleh et al. (2022) outlined eight key factors that significantly influence housing demand. These include internal and external product factors, private financial requirements, government regulations and requirements, spatial and geographic considerations (such as strategic, environmental, and established locations), and other associated costs. Understanding housing mismatch also requires examining demographic characteristics, such as living status and monthly income levels, which often determine affordability and access to suitable housing options.

Product factors impact stakeholders' decisions regarding the quality of the product. Individuals are highly discerning when it comes to recognizing housing products (Ariff et al., 2016). Meanwhile, housing demand may be

hindered by developers' limited ability to provide social housing due to profit orientation (Zainul and Idris, 2017). Additionally, past research has shown that product-related factors affecting demand involve internal and external product factors which include tenure, house design, built-up areas, number of rooms, allocation of site plan and layout plan, restrictions of interest, allowable density, external view, topography, and open spaces (Zainon et al., 2017; Majid et al., 2023; Mukhtar et al., 2025; Saleh et al., 2024).

Location remains a crucial determinant of housing demand and satisfaction. Rosli et al. (2024) emphasize the need for balanced planning between housing, workplaces, and city centers, while accessibility to business districts, education, and leisure facilities also shapes housing preferences (McCluskey et al., 2000). Rising urban populations have intensified demand, often leading to mismatched housing supply. Literature highlights three key locational categories—strategic, environmental, and established—as essential for meeting demand and ensuring satisfaction (Abdullah, 1992, 2008; Saleh et al., 2024). The desirability of a location may also depend on both known and latent factors such as popularity and functional specialization.

Another prevalent attribute is the factors related to financial requirement and accessibility. Financial requirements set by banking institutions for end-finance may contribute to housing mismatch. Low-income households are chosen as they are more likely to be financially excluded (Mahdzan et al., 2023). Some financial institutions do not lend to low-income customers due to a lack of proper income documentation. Additionally, the difficulty in providing a 10% down payment and cash for other hidden charges such as legal fees is challenging for low- to middle-income individuals. According to the Malaysian real estate industry survey (2022) by REHDA Malaysia, 86 per cent of reported finance issues for end financing.

Furthermore, eligibility and qualification criteria remain key attributes influencing buyers' decisions in affordable housing. Government regulations at both federal and state levels play a crucial role, as eligibility requirements—such as income level, age, and first-time ownership—significantly shape market participation and housing choices (Majid et al., 2012; Jewkes & Delgadillo, 2010; Gabriel et al., 2005; Stone, 2006). However, many applicants fall outside prescribed income brackets or fail to meet other criteria (Cagamas, 2013).

Similarly, procedural complexity in affordable housing applications—such as the multi-stage approval process under PR1MA (2023)—creates administrative burdens that affect buyers' access and satisfaction. Prior studies have highlighted how lengthy and rigid procedures exacerbate inequalities in housing demand and supply (Pugh, 1992; Agarwal & Prasad, 1998; Ādmīdīņš & Zvanītājs, 2011).

Lastly, final attributes that could be counted as a part of factors contributed to housing mismatch was availability of types for affordable housing. In which most of the affordable housing has referred to strata building. The types of houses offered should possess a stable physical setting that aligns with social life and allows for shared cultural experiences. Figure 1 show the compilation and initial reviews from other past authors that could lead to the existence of a housing demand mismatch for affordable housing.

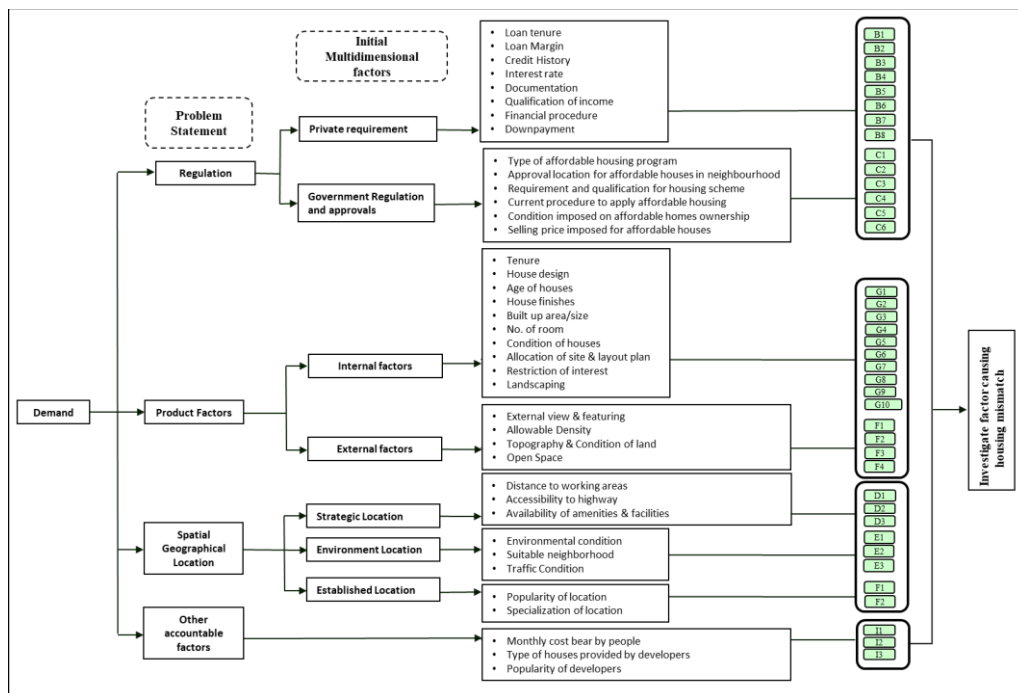


Figure 1: Conceptual Framework (Author Self-Compilation)

Fundamentally, based on Figure 1, compilation of eight factors with 39 attributes and segregation of dimension was performed based on Saleh et al. (2017;2024; 2025), and was supported by Masri et al. (2017) and Majid et al. (2023).

As highlighted in the literature review above, Hedonic Pricing Model (Thalmann, 2003) and multidimensional frameworks (Gapor et al., 2011) have identified diverse housing attributes, reflecting the complexity of housing demand. Thus, it is essential to capture all relevant factors to represent housing mismatch within the local context. Factor analysis was applied to consolidate these attributes into meaningful constructs, reducing data complexity and revealing key determinants of housing demand (Hair et al., 2019; Yong & Pearce, 2013; Williams et al., 2010).

## **RESEARCH METHODOLOGY**

A sample size of 200 respondents was used for the Exploratory Factor Analysis (EFA), aligning with the sample minimum adequacy threshold suggested by Yamane (1967) at a precision of  $\pm 10\%$  with a 90% confidence level. For applications of EFA, the sample adequacy was further supported by satisfactory results on the Kaiser–Meyer–Olkin (KMO) and communalities values (Hair et al., 2010; MacCallum et al., 1999). The respondents were drawn from key urban regions known for high housing transaction volumes, namely Klang Valley, Johor, and Perak (NAPIC 2025), thereby representing Malaysia’s major affordable housing markets and the diversity of the low- and middle-income groups. Thus, the sample size is sufficient to produce a reliable and valid factor structure for assessing housing demand factors in Malaysia.

The study employed stratified sampling to ensure balanced representation across demographic and regional groups. Respondents were assessed on eight main factors with 39 attributes related to housing demand, using a five-point Likert scale to capture key perceptions such as affordability, location, and facilities. Factor Analysis was then conducted to reduce the multidimensional data into interpretable components. Sampling adequacy and factor reliability were confirmed through KMO, communalities, eigenvalues, and scree plot analyses, with communalities above 0.3 considered acceptable in sample size (MacCallum et al., 1999; Pallant, 2013; Shrestha, 2021). Following this, any new components identified were grouped accordingly through pattern matrix. Subsequently, the interpretation of underlying factors and validation of internal consistency through reliability analysis aimed to validate the framework and strengthen the study’s conceptual framework for the next research of Confirmatory Factor Analysis (CFA).

## **ANALYSIS AND DISCUSSION**

Table 1 below illustrates the respondents’ homeownership status alongside their net monthly income and living status. Surprisingly, 67.8% of respondents were tenants, and among them, 78.5% did not own any property, choosing to rent instead of purchasing a home. Out of this 78.5%, 37.3% were tenants predominantly earning a net monthly income between RM3,501 and RM4,000, followed by those earning between RM3,001 and RM3,500. Nevertheless, this raises the question of why individuals who meet the eligibility criteria have not yet acquired homes.

**Table 1:** Cross tabulation between demographic profiles

| Monthly Salary (net) * Status of living * Homeownership Cross-tabulation |                |                   |                      |        |           |
|--------------------------------------------------------------------------|----------------|-------------------|----------------------|--------|-----------|
| Homeownership                                                            |                |                   | Status of living (%) |        | Total (%) |
|                                                                          |                |                   | Owner                | Tenant |           |
| No houses                                                                | Monthly Salary | RM 1501-2000      | 0.0                  | 6.7    | 6.7       |
|                                                                          |                | RM 2001-2500      | 0.0                  | 4.3    | 4.3       |
|                                                                          |                | RM 2501-3000      | 0.0                  | 6.7    | 6.7       |
|                                                                          |                | RM 3001-3500      | 0.0                  | 23.3   | 23.3      |
|                                                                          |                | RM 3501-4000      | 0.0                  | 37.3   | 37.3      |
|                                                                          |                | RM 4001-5000      | 0.0                  | 13.4   | 13.4      |
| 78.5% - 157 people                                                       | Total          |                   | 0.0                  | 100.0  | 100.0     |
| First House                                                              | Monthly Salary | RM 1501-2000      | 0.0                  | 16.0   | 16.0      |
|                                                                          |                | RM 2001-2500      | 0.0                  | 20.5   | 20.5      |
|                                                                          |                | RM 2501-3000      | 3.8                  | 24.9   | 28.6      |
|                                                                          |                | RM 3001-3500      | 8.0                  | 9.4    | 17.4      |
|                                                                          |                | RM 3501-4000      | 2.8                  | 0.9    | 3.8       |
|                                                                          |                | RM 4001-5000      | 2.3                  | 10.0   | 12.3      |
| 12.5% - 25 people                                                        | Total          |                   | 18.3                 | 81.7   | 100.0     |
| Second Houses                                                            | Monthly Salary | 1500 and below    | 0.0                  | 2.3    | 2.3       |
|                                                                          |                | RM 1501-2000      | 0.0                  | 0.8    | 0.8       |
|                                                                          |                | RM 2001-2500      | 0.8                  | 3.1    | 3.8       |
|                                                                          |                | RM 2501-3000      | 11.5                 | 16.0   | 27.5      |
|                                                                          |                | RM 3001-3500      | 13.7                 | 7.6    | 21.4      |
|                                                                          |                | RM 3501-4000      | 7.6                  | 3.8    | 11.5      |
|                                                                          |                | RM 4001-5000      | 3.8                  | 0.0    | 3.8       |
|                                                                          |                | RM 5001-6000      | 7.6                  | 0.0    | 7.6       |
| 6.5% - 13 people                                                         | Total          |                   | 61.8                 | 38.2   | 100.0     |
| Extra Houses                                                             | Monthly Salary | RM 2001-2500      | 0.0                  | 4.9    | 4.9       |
|                                                                          |                | RM 3001-3500      | 2.4                  | 4.9    | 7.3       |
|                                                                          |                | RM 3501-4000      | 2.4                  | 12.2   | 14.6      |
|                                                                          |                | RM 4001-5000      | 2.4                  | 7.3    | 9.8       |
|                                                                          |                | RM 5001-6000      | 9.8                  | 2.4    | 12.2      |
|                                                                          |                | RM 6001 -700      | 14.6                 | 0.0    | 14.6      |
|                                                                          |                | RM 7001 and above | 36.6                 | 0.0    | 36.6      |
| 2.5% - 5 people                                                          | Total          |                   | 68.3                 | 31.7   | 100.0     |
|                                                                          | Total          |                   | 32.2                 | 67.8   | 100.0     |

Following this, respondents owning their first homes accounted for 12.5%, of which 81.7% were tenants, mainly earning RM2,501–RM3,000 (24.9%). Meanwhile, 6.5% owned second homes, with 38.2% being tenants earning similar income levels (16.0%). Overall, the findings indicate that most respondents were tenants, reflecting a housing mismatch in urban areas.

#### **Data Screening Execution and Sampling Adequacy**

The Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy was 0.941, and Bartlett’s test of sphericity was significant ( $p < 0.001$ ), confirming the dataset’s

suitability for factor analysis. The correlation matrix of 39 items showed acceptable inter-item relationships, with most correlations exceeding 0.3. According to Pallant (2013), a KMO value above 0.5 is the minimum threshold, while values above 0.9 indicate excellent sampling adequacy. Hence, the KMO result and the determinant value of 4.365E-16 ( $> 0.00001$ ) suggest that multicollinearity was not a concern and that the sample size of 200 respondents was statistically sufficient for conducting Exploratory Factor Analysis (EFA).

#### Factor Extraction: Scree Plot

Initial steps for Factor analysis identified seven components with eigenvalues exceeding 1, which collectively explained 41%, 10.4%, 5%, 3.8%, 3%, 2.4%, and 1.7% of the variance, respectively. These seven components accounted for a total of 67.3% of the variance and met the criterion for information.

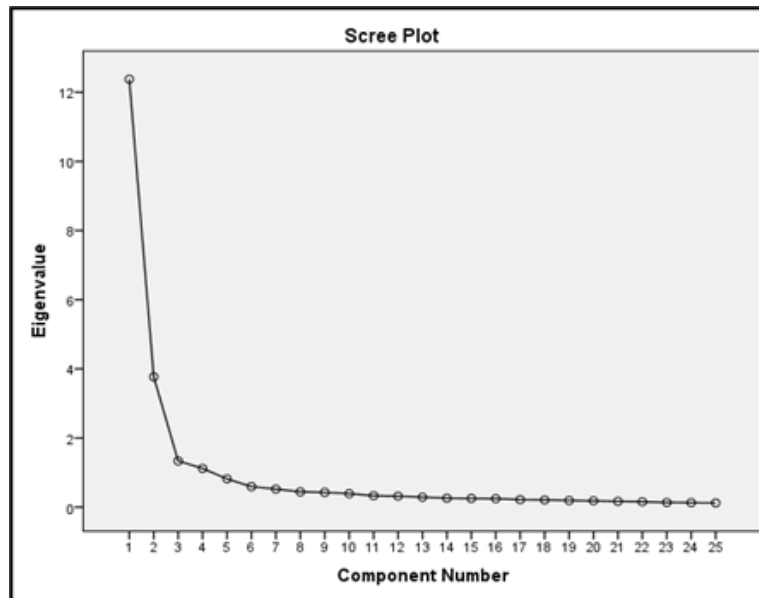


Figure 2: Scree Plot

Figure 2 highlights that components 1 and 2 captured a significant amount of variance. However, components 3 and 4 also showed potential, as there was a noticeable break after the fourth component. Based on this observation, the researchers opted to retain only four components.

### Factor Before Extraction: Initial Pattern Matrix, Total Variance Explained, Communalities

The initial pattern matrix revealed a seven-factor solution with most items loading above .30, though some showed weak or cross-loadings. Items such as location popularity, allowable density, and built-up area were excluded due to low or inconsistent loadings. To improve construct validity and achieve a clearer factor structure, eight items with loadings below .40 (F2, G10, H3, H4, I1, I2, I3, G5) were removed. Factor rotation was then performed to refine and confirm the final underlying structure.

### Factor Rotation: Final Pattern Matrix

Finally, after screening and extracting the initial pattern, the final factor analysis was conducted on the remaining 31 attributes, resulting in a four-factor solution outlined in the pattern matrix. These findings are summarized in Table 2 as the final results for the housing mismatch attributes.

**Table 2: Final Pattern Matrix**

| Attributes                                                        | Factors |       |       |   |
|-------------------------------------------------------------------|---------|-------|-------|---|
|                                                                   | 1       | 2     | 3     | 4 |
| <b>Product factors</b>                                            |         |       |       |   |
| House Design (G2)                                                 | .860    |       |       |   |
| Allocation of Site Layout Plan (G8)                               | .815    |       |       |   |
| No. of Room (G6)                                                  | .815    |       |       |   |
| Restriction of Interest (G9)                                      | .802    |       |       |   |
| External view & Featuring (H1)                                    | .764    |       |       |   |
| Houses Finishes (G4)                                              | .730    |       |       |   |
| Tenure (G1)                                                       | .689    |       |       |   |
| Topography & Condition of Land (H2)                               | .659    |       |       |   |
| Age of Houses (G3)                                                | .563    |       |       |   |
| Condition of Houses (G7)                                          | .421    |       |       |   |
| <b>Private financial requirement and regulation</b>               |         |       |       |   |
| Loan Margin (B2)                                                  |         | -.881 |       |   |
| Credit History (B3)                                               |         | -.877 |       |   |
| Documentation Requirement (B5)                                    |         | -.877 |       |   |
| Loan Tenure (B1)                                                  |         | -.848 |       |   |
| Qualification of Income (B6)                                      |         | -.698 |       |   |
| Interest Rate (B4)                                                |         | -.696 |       |   |
| Down Payment (B8)                                                 |         | -.552 |       |   |
| Financial Procedure (B7)                                          |         | -.518 |       |   |
| <b>Government approvals and regulation</b>                        |         |       |       |   |
| Requirement and qualification for affordable housing scheme (C3)  |         |       | -.740 |   |
| Current procedure to apply for affordable houses (C4)             |         |       | -.721 |   |
| Condition imposed on affordable homes ownership (C5)              |         |       | -.671 |   |
| Approval location for affordable houses in the neighbourhood (C2) |         |       | -.669 |   |

|                                                       |        |        |       |        |
|-------------------------------------------------------|--------|--------|-------|--------|
| Selling price imposed for affordable houses (C6)      |        |        | -.667 |        |
| Type of affordable housing program by government (C1) |        |        | -.529 |        |
| <b>Location factors</b>                               |        |        |       |        |
| Availability of amenities and facilities (D3)         |        |        |       | .766   |
| Accessibility to highways (D2)                        |        |        |       | .720   |
| Distance to working areas (D1)                        |        |        |       | .632   |
| Suitable Neighbourhood (E2)                           |        |        |       | .564   |
| Traffic condition (E3)                                |        |        |       | .561   |
| Popularity of location (F1)                           |        |        |       | .559   |
| Environment condition (E1)                            |        |        |       | .550   |
| <b>Eigenvalue</b>                                     | 15.118 | 3.899  | 1.756 | 1.364  |
| <b>% Total Value</b>                                  | 47.753 | 11.590 | 4.682 | 3.382  |
| <b>Total Variance</b>                                 |        |        |       | 67.407 |

According to Table 2, attributes G and H were grouped together, revealing a strong correlation among product factors (G and H) compared to other groups of items. Additionally, component two, comprising items of B2, B3, B5, B1, B6, B4, B8, and B7, was associated with groups of private financial requirements, implying that regulations could vary significantly. Next, items from component three were indicative under factors of government regulation. Furthermore, items from component four were most aptly defined as spatial geographical location variables. The analysis also indicates that product factors (G and H) serve as main variables influencing other aspects, such as private regulation, government regulation, and location factors. Notably, location factors were grouped in component number 4, displaying positive loadings ranging from .550 to .766.

Despite the positive questioning in the questionnaire's design, items from category B (Private Regulation) exhibited negative loadings within the range of .518 to .881, along with corresponding factor loadings from group C (Government Approval and Regulation) showing negative loadings ranging between .529 and .740. This suggests a negative perception among the public respondents towards these regulatory aspects. In summary, although regulatory factors show a negative influence on house buyer reactions, product factors and location appear to be less affected, presenting non-issues once regulations are implemented. This finding is consistent with Majid et al. (2023), who also highlighted that regulatory constraints tend to shape buyer sentiment more strongly than product or locational attributes in the affordable housing market. However, this contrasts with findings by previous authors such as Gibb and Whitehead (2007) and Mulliner et al. (2013), who argued that in mature housing markets, regulatory measures often enhance transparency and market confidence rather than deter potential buyers. Therefore, after all multidimensional attributes were finalized, the results indicate that approximately 67% of the total variance

is explained by 31 variables grouped into four key factors influencing housing demand for affordable housing ownership.

### Reliability of new component

The reliability and consistency of the components were assessed by calculating Cronbach's Alpha to evaluate their accuracy. The significance value for Cronbach's Alpha should exceed 0.

**Table 3:** Reliability test

| Summary Item Statistics       |                  |                                             |       |                 |
|-------------------------------|------------------|---------------------------------------------|-------|-----------------|
| Attributes                    | Cronbach's Alpha | Cronbach's Alpha Based on Standardize Items | Mean  | Number of Items |
| Product factors               | .932             | .934                                        | 3.483 | 10              |
| Private Financial Requirement | .939             | .941                                        | 3.767 | 8               |
| Government Regulation         | .942             | .943                                        | 3.722 | 6               |
| Location                      | .923             | .924                                        | 3.618 | 7               |
| <b>TOTAL</b>                  |                  |                                             |       | <b>31</b>       |

In Table 3, the components of product factors, private financial requirements, government regulation, and location have demonstrated Cronbach's Alpha values of 0.93, 0.94, 0.94, and 0.92 respectively, confirming the reliability of the survey instrument. This indicates a strong correlation between the variables and their respective components, demonstrating internal consistency. Additionally, the government regulation and private financial requirements components exhibit high levels of agreement, with both displaying mean scores above 3.0. Following this, location (Mean = 3.61) and product factors (Mean = 3.48) components demonstrate lower levels of agreement. This aligns with findings from previous studies, which demonstrated that housing demand is shaped by a combination of product, financial, regulatory, and locational dimensions (Saleh et al., 2024; 2025)

### CONCLUSION

The findings have led to the conclusion that a more streamlined dataset with proper component grouping consists of 31 attributes with four key factors, effectively capturing maximum variability within the study's scope.

This study concludes that government regulatory and private financial requirement factors negatively influence housing demand, reflecting a mismatch between policy implementation and market realities. These findings reinforce the notion that housing mismatch in Malaysia arises not solely from supply constraints but from private institution and government policy inefficiencies with affordability barriers that hinder ownership among eligible groups (Saleh et al., 2025; Jamaludin et al., 2018). In contrast, financial accessibility and government regulation remain crucial determinants that shape buyers' preferences for

affordable housing. Financial inclusion, particularly for low- and middle-income households, plays a vital role in bridging this gap through improved access and utilization of formal financial services (Mela, 2024).

Conversely, product and locational factors demonstrated a positive influence on housing demand. This suggests that while stringent government regulations may contribute to housing mismatches, aspects related to product quality and spatial accessibility remain less problematic in shaping buyers' preferences. These findings align with Jamaludin et al. (2018), who emphasized that improving housing policies and planning mechanisms is crucial for achieving sustainable urban living. Meanwhile, well-designed housing products and strategic locations can mitigate mismatch issues and enhance satisfaction among potential homeowners (Mukhtar et al., 2025). Hence, policymakers and financial regulators must focus on recalibrating affordable housing frameworks to reduce procedural barriers, streamline eligibility criteria, and ensure better alignment between public policy and market needs. Therefore, a more holistic and demand-responsive approach addressing regulatory, financial, product, and locational dimensions is essential to strengthen affordable housing delivery and reduce mismatches among low- and middle-income earners. However, before arriving at conclusive decisions regarding the impact on housing demand, further research is necessary to validate the conceptual framework. Therefore, additional research such as Confirmatory Factor Analysis (CFA) will be essential to ensure that final framework of sustainable development and the resilience of future development projects are considered within the context of affordable housing in Malaysia.

## ACKNOWLEDGEMENT

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