

The Development of Urban Malays Middle Class House Ownership: Moving Beyond Basic Social Needs.

Hazlina Hamdan
**Department of Town and Regional Planning, Faculty of Architecture Planning
and Surveying**
Universiti Teknologi MARA, Shah Alam

Corresponding author: hazlina2020@yahoo.com

ABSTRACT: Housing is considered a basic social need and important to the well being of individual and the family as well as the community. The kind of housing people have, tells the world who they are, their status, and class of society. The pursuit to house ownership is not just a dream but it is a reality and a targeted dream for every household. This paper discusses the development of house ownership in the perspectives of urban Malay middle class society. The Malay in urban areas has gone through a rapid urbanisation process with increase level of income, better economic opportunities and an increase in quality of life. This paper attempt to look at the development of house ownership among the urban Malay middle class households who have been experiencing social and economic changes for the past 20 years and measures to what extent the Malays involved in housing transactions which beyond providing the basic social needs. A survey questionnaire approach was conducted in Shah Alam to study the house ownership status of middle class Malay, the socioeconomic characteristics of multiple house ownerships as well as the trend and pattern of residential property ownership. This paper will highlight that the middle class Malay has valued house ownership not just to satisfy the basic social needs but also continue to expand house ownerships as a mean to increase asset and for investment strategies.

Keywords: house ownership, housing development, middle class, urbanisation

1. INTRODUCTION

Housing is a basic need and has one of the biggest impacts on people's well being and quality of life. To the individual and family, the house provides shelter and protection, as well as memories, feelings, and a sense of belonging (Parid Wardi Sudin, 2002). The kind of housing people have, tells the world whom they are, their status, class and even race. House ownership is the most preferred tenure to secure the basic needs of individual and family. The pursuit to house ownership is not a dream but it is a reality and has become the responsibility of every household to provide shelter for their family. Besides education, income and employment, house ownership is an indicator to measure the socioeconomic status which determines the well being of a nation. In addition to that, house ownership is also an asset for inheritance and wealth accumulation for generation to come.

Malaysia has demonstrated considerably a high level of house ownership with 77% of the total housing unit was in the category of individual ownership (Department of Statistics, 2003). The rising urban population has brought about the increase in homeownership level. According to Lim Lay Ying (2000), the level of home ownership has increased since 1991 in Klang Valley, where in 1999 the percentage of home ownership was 70% as compared to only 47.6% in 1991. House ownership is encouraged in all countries in the world. It is an integral part of national housing policies to increase home ownership rates. Based on this, the national housing policy of Malaysia stipulates that every one is encouraged to own a house be they from the high, medium and low income groups irrespective of ethnicity or income levels (Government of Malaysia, 9th Malaysia Plan). In line with the national housing policy, this paper discusses the development of house ownership in the perspectives of urban Malay middle class society whom has gone through a rapid urbanisation process with increase socioeconomic status and quality of life.

2. OBJECTIVE

The objective of this paper is to analyse the development status of house ownership among urban Malay middle class households and measures to what extent the middle class Malays involved in housing transactions which beyond providing the basic social needs.

3. HOUSE OWNERSHIP

House ownership is encouraged in many countries in the world. It is the ultimate goal in many societies and has become a major factor determining the direction of housing policy. The importance of house ownership is not only associated with individuals but also has a trickle down effect on the nation itself. House ownership is regarded as an expression of individualism, a symbol of status and a way of achieving financial equity (Harris and Pratt, 1992; Balakrishnan and Wu, 1992; Myers and Lee, 1998; Ratner, 1996; Clark, 2001; Murdie and Teixeira, 2001). There are more motivating factors pulling people into house ownership. Increasingly, owning a home and building equity is a family's primary source of accumulating wealth. This is associated with price appreciation and increase house value over a long period of time. Although, the impact on household wealth is not the same for different groups of society, generally house ownership has a positive association with wealth accumulation over a long period of time, which is an important asset to homeowners (Zhu, et al., 2003).

Homeowners enjoy the economic benefits of house ownership in such a way that it promotes positive outcomes by increasing the economic equity earned over a long period of time (Scanlon, 1996). According to King (2001), this economic effect of owner occupation is called *cascade effect* whereby housing wealth is passed on

from one generation to the next. Most children will inherit the properties of their parents, and this effectively liquidates the wealth stored in them. This means that the wealth of a significant number of households, most of whom are already owner-occupiers, is further enhanced (King, 2001:124)

House ownership gives owners both tangible and intangible asset, where tangible asset is the monetary value associated with the wealth accumulation of the increase in property values (King, 2001). On the other hand, intangible asset benefits the homeowners through a deep sense of security and pride. Homeowners can make improvements to their homes, which add to the value of their properties over a long period of time. Perhaps the greatest macroeconomic benefit of house ownership is the multiplier effect. It is viewed as a growth locomotive, stimulating construction and the production of housing-related goods and services. Owner occupation is economically important because there is a lot of derived demand resulting from house ownership, thus contributes to economic growth (King, 2001). House ownership helps generate jobs and stimulate economic growth. Home buying spurs other economic activities, which benefit the local economies. Traditionally, house ownership is treated in terms of its use value to meet the basic needs of households but the transformation of dwellings into housing properties has increasingly changed the traditional values of ownership into more functional reasons (Hamnett, 1999). As households increase their socioeconomic status, the demand for house ownerships not just focus on meeting the social needs but it grows becoming more of property ownership. Therefore, buying properties beyond social needs is going to happen when people increase their standard of living as the result of growth in economic and housing development

4. METHODOLOGY

The study was based on questionnaire survey conducted to middle class society living in Shah Alam. Shah Alam was a product of the new town concept which has been developed becoming a large urban Malay middle class community (Mohd Aini Taib, 1996; Mimi Hanida, 2002; Habsah Hashim, et al., 2003; Abdul Latif Mohd Ibrahim, 2004). The approach used was a household drop off survey where 400 questionnaires were distributed randomly based on stratification of housing types in 13 residential sections on central Shah Alam. During the field survey, respondents were being approached personally and given the questionnaire. Allowing for some

time to answer, the questionnaire was picked up at later time agreed by the respondents. A total of 318 questionnaires were returned back and used for data analysis.

5. ANALYSIS

a. Status of house ownership

The house ownership status shows that 91% of the respondents owned their houses and the remaining 9% were renting. The terrace houses were owned by 74% of the respondents, followed by semi detached, bungalow and condominiums. On the other hand, only terrace houses and condominiums were used for tenancy purposes. The table below has also indicated that, home ownership is the most preferred tenure status among the respondents as compared to renting.

Table 1.0: Percentage of Housing Type and Status

Housing Type	Housing Status (%)		
	Own	Rent	Total
Bungalow	6.7		6.7
Semi Detached	7.0		7.0
Terrace/Link House	73.5	8.0	81.5
Condominium/Luxury Apartment	3.8	1.0	4.8
Total	91.0	9.0	100.0

Source: Questionnaire Survey, 2005

b. Multiple House Ownership

To analyse the extent of house ownership status, the respondents were first asked on ownership of additional houses. More than half (58%) of the respondents surveyed responded positively to the ownership of additional houses. Meanwhile, another 42% had only a single house ownership. Between owner and renter, 55% of the owner occupied had owned other houses and only 3% of renters do so (Table 2). The percentage of owning more than one house was considered high. The middle class Malays have shown a tendency for additional house ownership, which indicated that buying more than one properties is becoming a trend. Many Malays in the study area have aware of economic benefits and the investment aspects of home ownership that has resulted in increasing number of house ownerships.

Table 2: Ownership of Other Houses

Ownership of other houses	Owner	Renter	Total
Yes	55%	3%	58%

No	36%	6%	42%
Total	91%	9%	100%

Source: Questionnaire Survey, 2005.

Furthermore, the number of additional homes owned has shown that having another house was very significant for the middle class Malay with 64% of the total respondents surveyed (Table 3). Owned two houses accounted for 23%, almost 8% has owned three homes and the remaining 5% has owned 4 or more homes. Overall, a very high percentage (95%) of the respondents had owned three homes or less (Table 3). From the number of houses owned, the majority of middle class Malays were inclined to have another house beside the current one. Having two to three houses at the same time was also very obvious for the homeowners. This has shown that the phenomena of having multiple house ownership are becoming a trend for a large proportion of Malay middle class homeowners.

Table 3: Number of houses owned

Number of additional houses	Frequency	Percentage
1 house	173	64.3
2 houses	61	22.7
3 houses	22	8.2
4 houses	9	3.3
5 houses	3	1.1
6 houses	1	0.4
Total	269	100.0

Source: Questionnaire Survey, 2005

c) Socioeconomic Characteristics of Multiple House Ownership

The socioeconomic characteristics of multiple ownerships are shown in the following Tables. The first is the age characteristics. The age group of between 30 and 40 years old has shown an active transaction in multiple house ownerships with 39% of the total respondents. For the age group of between 40 and 50 years old, they have also indicated a significant proportion of multiple ownerships with 38%. The proportion

of owners who owned one additional house was significant in the middle age category of 40 to 50 years old (25%) and 30 to 40 years old (23%).

Table 4: Multiple house ownerships by age group

Number of additional house	Age Group				Total
	Less than 30	30-40	40-50	Above 50	
1	2.3	22.7	25.0	13.6	63.6
2	1.5	9.5	8.4	3.8	23.2
3	0.4	3.6	3.1	1.2	8.3
4		1.9	1.5		3.4
5		1.1			1.1
6		0.4			0.4
Total	4.2	39.2	38.0	18.6	100.0

Source: Questionnaire Survey, 2005

Household income has also play a factor in additional number of homes owned. Although, it was expected that a higher income would have more homes, on the contrary, the respondents showed a different pattern. The household income of between RM5000-RM10,000 has indicated owning more number of houses as compared to other income categories. 35% out of 51% of the respondents with income of RM5000-RM10000 had owned one additional house, followed by 10.5% with two houses and the remaining 5.5% owned 3 or more houses (Table 5). A large proportion of the homeowners (64%) had owned one home with income of RM5000-RM10000 had the highest percentage, followed by income of RM10,000-RM15,000, income of above RM20,000 and lastly income of RM15,000-RM20,000. From this income distribution, it shows that homeowners with income of between RM5000 and RM10,000 have the tendency to own multiple house ownerships. If both couples are working and each one of them has own financial opportunities, these household would most likely expanded their house ownership.

Table 5: Multiple House Ownerships by household income

Number of additional homes	Income Category (RM) (%)

	5000-10000	10000-15000	15000-20000	Above 20000	Total
1	35.0	16.7	4.7	7.8	64.2
2	10.5	7.8	1.9	2.7	22.9
3	3.1	3.1	0.4	1.2	7.8
4	1.2	0.8	0.8	0.7	3.5
5	0.8			0.4	1.2
6	0.4				0.4
Total	51.0	28.4	7.8	12.8	100.0

Source: Questionnaire Survey, 2005

The number of homes owned is also related to occupational type. With regards to multiple house ownerships, the respondents have indicated a high proportion of owning one additional house and those who employed in the professional category showed a high percentage of multiple house ownerships. The percentage of owning additional one house accounted for 31%, owned two houses for 16% and 3 or more houses for 9% (Table 6). Respondents who employed in the top level management category and businessman have also indicated a quite significant percentage of multiple house ownerships with 34% (Table 6). The analysis has shown that homeowners who have a good income and employed in high ranking jobs have the tendency to increase the number of house ownerships. The positive growth in housing development has instigated more opportunities for expanding house ownership. This opportunity has been well accepted by many middle class Malay homeowners who have become more urbanized, experienced better standard of living, thus able to improve their housing situation and at the same time venture into multiple house ownerships.

Table 6: Multiple House Ownerships by occupational type

Additional number of homes	Type of Occupation (%)					Total
	Legislators, senior officer	Professional	Businessman/	Technical/	Others	

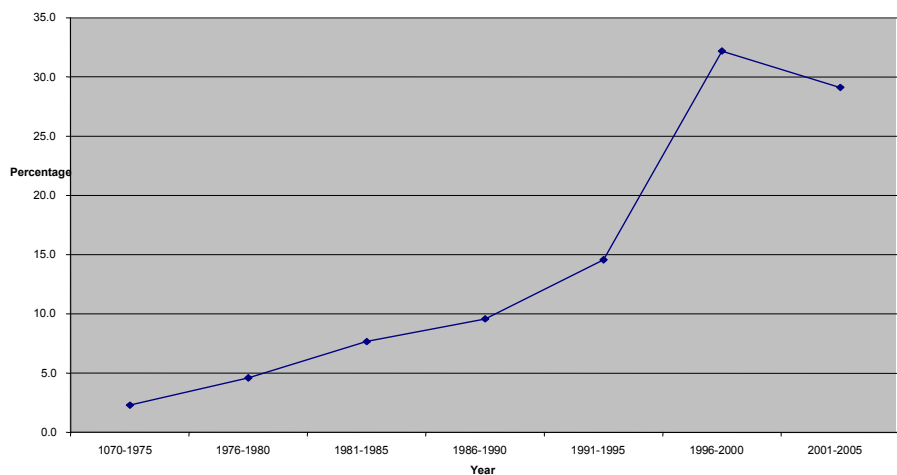
	and managers		Self employed	Semi professional		
1	11.7	30.6	10.4	5.4	2.7	60.8
2	4.0	15.8	3.6	0.9	0.9	25.2
3	0.9	5.4	1.3	0.5	0.5	8.6
4	0.5	2.7	0.4			3.6
5		0.9	0.5			1.4
6			0.4			0.4
Total	17.1	55.4	16.6	6.8	4.1	100.0

Source: Questionnaire Survey, 2005.

d. Trend and pattern of residential ownership

Figure 1.0 shows the trend of additional house ownership which depicted that there is a growing interest in multiple house ownerships. Respondents in the study area have steadily increased number of houses owned since 1970 until 1990. But after 1990, the number of houses owned has increased significantly, especially from 1991 to 1995 and 1996 to 2000. The sharp increased in residential ownership for the decade of 1991 to 2000 can be associated with the economic growth and good housing market condition.

Figure 1: Trend of multiple home ownerships



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Moreover, in terms of housing type owned, terrace house accounted for 45% of the total house ownerships (Table 7). This is followed by apartment (31%), semi detached (9%), bungalow (8%) and condominium units (7%). The trend to increase the number of house ownership was dominated by terrace and apartment types, which was also an indication that these types of houses were more affordable.

Table 7: Property Ownership by housing type and year purchased

Year	Housing Type (%)					Total
	Bungalow	Semidetached	Terrace	Apartment	Condominium	
1070-1975	0.4	0.4	1.5	0.0	0.0	2.3
1976-1980	0.8	1.1	2.7	0.0	0.0	4.6
1981-1985	0.4	0.4	4.6	1.9	0.0	7.3
1986-1990	0.4	0.4	5.4	3.4	0.0	9.6
1991-1995	1.5	1.1	7.3	3.8	0.8	14.6
1996-2000	3.4	2.3	12.6	11.1	3.1	32.6
2001-2005	1.5	3.4	10.7	10.3	3.1	29.1
Total	8.4	9.2	44.8	30.7	6.9	100.0

Source: Questionnaire Survey, 2005.

e. Reason for additional house

Figure 2 shows the reasons for buying additional houses. The highest percentage is for housing investment and renting purposes (36%). The second reason for additional homes is closely related to investment and renting reason that is buying property to increase asset (28%). The third reason is associated with household socioeconomic condition that is need and affordability level at the time of purchasing the property (21%). According to Hamnett (1999), people buy houses not only for use, but also as an investment to increase their personal assets and acquire wealth. For the middle class Malays in the study area, buying properties for investment purposes to increase asset has also becoming a reality. With improving socioeconomic status, the middle class Malays have shown positive steps towards the development of housing investment ownership.

Related to the above, is the housing price of property purchased. In Table 8, more than three quarter (77%) had bought a property below RM199,999. A large percentage of homeowners incline to buy properties below RM199,000 with the mean of RM 155,000, This would give the indication that the middle class Malays demand for additional house ownership were in the range of price below RM199,999 which seems affordable for investment purposes and to increase asset.

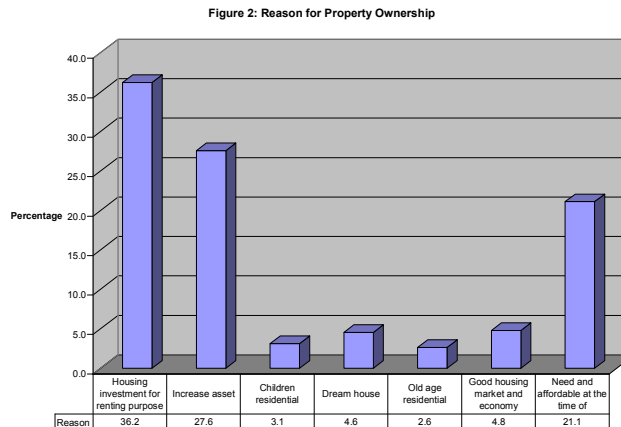


Table 8: Housing Price at the time of purchased

Price (RM)	Frequency	Percentage
<99,999	108	40.9
100,000 - 199,999	96	36.4
200,000 - 299,999	38	14.4
> 300,000	22	8.3
Total	264	100.0
Mean Housing price = RM 155,316		
Median = RM118,000		

Source: Questionnaire Survey, 2005

6. CONCLUSION

As a conclusion, the middle class Malays have shown strong inclination to increase number of houses owned. They were able to expand their housing needs beyond social needs to be active participants in the housing market. The socioeconomic characteristics of multiple house ownerships has proven that the middle class Malays in the middle age category of 30 to 50 years old with good income and employment see housing ownership as investment strategies to increase asset and accumulate wealth. With regards to increasing the number of houses owned, the middle class Malays have seen this as an opportunity to increase well being. Generally, the housing ownership pattern of the middle class Malays has indicated a healthy growth and the demand for investment in house ownership will not only increase the Malay household asset but also the Malays able to participate in residential property ownership in order to increase the number of housing ownership status which can reflected the shares of urban Malay community in urban areas.

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