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**PROPERTY PURCHASE: ISSUES AND CHALLENGES  
FACING BY FIRST HOUSE BUYERS IN MALAYSIA  
DURING COVID-19 PANDEMIC  
(YEAR 2020-2022)**

**<sup>1</sup>Khoo Terh Jing, <sup>2</sup>Vicky Hoo Ying Qi & <sup>3</sup>Ha Chin Yee**

<sup>1&3</sup>School of Housing, Building and Planning,  
Universiti Sains Malaysia, Malaysia

<sup>2</sup>Department of Quantity Surveying,  
Faculty of Built Environment,

Tunku Abdul Rahman University of Management and Technology

*<sup>1</sup>Corresponding author: terhjing92@gmail.com*

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**ABSTRACT**

This article intended to identify issues and challenges facing by first house buyers when they are buying first house in Malaysia. The results from this article can provide insights to related stakeholders in helping first house buyers to come up with better policies. With the development of the economy, housing prices are still unaffordable and are gradually rising every year. However, household income has not increased accordingly, which is the main problem affecting Malaysians' difficulty in affording a house. Previously the Malaysian homeownership rate is already declining due to the expensive house price where the COVID-19 pandemic has caused a severe downturn

to Malaysia, especially the housing market which has been affected poorly. This article adopted quantitative research method where the primary data was collected through questionnaire surveys. The sample size was determined by referring to Krejcie and Morgan method. The questionnaires are distributed through internet platforms such as Facebook, Instagram, and WhatsApp to collect more responses as online survey brings convenience to respondents. 155 responds were collected from the respondents. From the results, unstable financial positions, unemployment rate, difficulty in obtaining loans, and location factors are the first house buyers' main issues and challenges. These factors required intervention from the government to save the economy through several policies. Since majority of first house buyers are not familiar with the issues and challenges that they need to consider before making the decision to purchase their first house, this article's outcomes help first house buyers to do decisions by discussing the issues and challenges that need to be considered. Furthermore, the outcomes can be referred to once the first house buyers encounter similar situations as the results can be used as guidance to help them to understand the problems.

**Keywords:** First house buyer, COVID-19, Malaysia, pandemic, challenges.

## INTRODUCTION

Owning a house is the target of the majority, but homeownership can be the most expensive expenditure (Olanrewaju & Wong, 2020). Thus, income may be the most influential factor in housing buying decision making. This is even worse during the period of COVID-19 pandemic. Several severe economic problems such as high recession and unemployment rate, difficulty in obtaining loan approval from banks, and uncertainty in a future career path have further worsened the situation (Blustein et al., 2020). This drives the first house buyers who are interested in purchasing a house to feel afraid to buy because of the significant monthly commitment. The age of first house buyers ranged between 21 to 40 years old. It can be divided into two ranges, between 21-30 years old and 31-40 years old. These two ranges of first house buyers have different requirements, qualifications and conditions. Those ranging between 21-30 years old are a group of youngsters who just started working and might want to buy a small

house at a lower cost. Whilst those ranged between 31-40 years old have a more stable income, enabling them to purchase better house (Khan et al., 2017). Buying a house is an action that will have long-term effects and involve various factors. Thus, relevant factors should be considered before making the final decisions.

First house buyers who have just entered society, the salaries received will be limited due to lack of experience. They must use the limited income earned to pay monthly debts and bear daily necessities (Olanrewaju & Wong, 2020). Furthermore, the price of properties is rising every year. Although there are a lot of properties under development, the cost of the real estate has not been affected and still has not decreased. The value and the price of the houses will be higher if the location is in the urban area, while the cost of the house at rural area will be lower (Olanrewaju & Wong, 2020). In terms of economic and population growth, the issues above should be resolved, so that everyone can purchase their ideal house. Hence, the issues and challenges of properties towards first house buyers shall be further explored where this article intended to identify the current issues and challenges facing by first house buyers in Malaysia.

Shelters are the basic need of a human being. Therefore, people would like to own a house. However, housing instalment contributes the most to household expenditures (Lim et al., 2018). Thus, the government has launched first-time ownership programs for first house buyers such as My First Home Scheme (MFH) and the 1 Malaysia People's Housing Scheme (PR1MA), which are about 20 percent to 30 percent cheaper than the current market price to cater for the needs for first house buyers with lower income. First house buyers are individuals who do not own any houses but are interested in buying a house. Furthermore, first house 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). However, despite the effort of the government to provide houses at a lower cost to these segments of individuals, the house ownership for houses priced below RM250,000 are decreasing (Khan et al., 2017). Moreover, the COVID-19 pandemic has caused a sudden drop in the economy. Unprecedented changes to the economy, including the housing market, have been brought down by the COVID-19 pandemic (Hu et al., 2021). To tackle the problems, issues and challenges should be identified before the government can employ effective policies to alleviate the consequences of pandemics (Narayan et al., 2021).

## **Impact of COVID-19 to Malaysia's Housing Industry**

The goal of this article is to look at the influence of the COVID-19 pandemic on first house buyers in Malaysia. Buying a house was already a hardship for youngsters before the pandemic, and now COVID-19 has further exacerbated the issue. Moreover, owing to changes in the norm, the expectations of first house buyers on their shelter have altered dramatically, necessitating deeper research into this area (Sheth, 2020). Since March 2020, COVID-19 has been a global pandemic concern that has caused a tremendous influence on our lives, particularly the housing market. However, there are few studies that analyze COVID-19 pandemic and its effects on the housing sector (Qian et al., 2021). Many uncertainties surround the effect of COVID-19 pandemic on the housing market due to the features of housing that are lower in liquidity and the sensitivity of housing prices to shocks that may be trailing behind (Francke & Korevaar, 2021). Furthermore, there has been a lot of talk in the industry about the association between housing price and violence, crimes, and natural disasters, but there is little discussion regarding the relationship between infectious illnesses and housing price (Qian et al., 2021). As a result, it is vital to carry out study about the difficulties and obstacles faced by first house buyers in Malaysia during this pandemic era in order to address any problems early.

Due to the rarity of epidemics and pandemics, determining the influence of these events on the housing crisis and the obstacles faced by first house buyers is challenging. However, we may include the 2003 SARS epidemic in Hong Kong, the plague in 17th century Amsterdam, and Cholera in 19th century Paris, all of which resulted in a decline in housing values (Francke & Korevaar, 2021). The influence of COVID-19 pandemic may be observed in the changes in the property prices and demand among house purchasers. Ling et al. (2020) and D'Lima et al. (2022) both support the influence of COVID-19 pandemic on property prices. Furthermore, the pandemic has resulted in a significant shift in housing demand from urban to rural regions, where the population density is lower. This is due to the increase of remote work arrangements and working from home, which may reduce the requirement to live in metropolitan regions near to employment hubs (Liu & Su, 2021). COVID-19 pandemic has resulted in substantial changes in people's social and technological conventions (Sheth, 2020). The social context includes things like

family, job, and friends, while the technological context includes things like the internet, cellphones, and e-commerce. This has a substantial influence on COVID-19 pandemic's impact on the housing business in several respects.

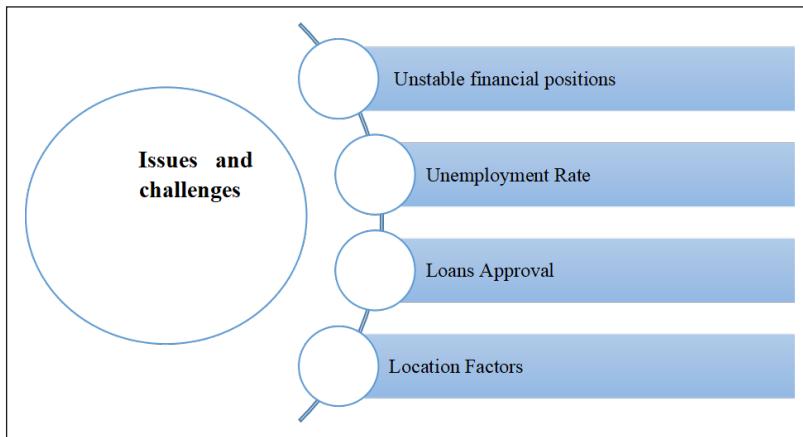
COVID-19 is contagious, and everyone should be prepared to combat it for a long time. The effects of the pandemic will be felt in every sector throughout time. When there are proven instances in a housing neighborhood, inhabitants are usually worried and anxious because they are fearful of infection (Qian et al., 2021). This will result in a variety of situations, such as people looking for more comfortable houses in which to work, house buyers looking for larger spaces in which to accommodate all family members, and citizens looking into housing stability, which emphasizes the ability for individuals to have a stable, affordable, and high-quality residential (Jones & Grigsby-Toussaint, 2020). As a result, one of the criteria evaluated by house purchasers is the spatial element, as a small room may increase the risk of acquiring, transferring, and reinfection with the virus. During a pandemic, individuals may be more likely to relocate since they are seeking new possibilities in other areas. This circumstance is particularly important for first house buyers, since they do not have a large family and are free to relocate from one location to another. However, individuals may encounter several concerns and obstacles at this time, including their financial situation, unemployment rate, loan approval, and preferences for new home location.

### **The Issues and Challenges Faced by First House Buyers During the Pandemic in Malaysia**

Owning a house has always been one of the main goals of youngsters. However, this is related to the issue of housing affordability, which affected by a country's socioeconomic stability and progress. Housing affordability aims to guarantee that housing is affordable to people of all income levels, particularly low- and middle-income families (Suahida et al., 2011). The issue of housing affordability is caused not only by the house price, but also by the preferences of house buyers and their financial circumstances, which will influence the purchase of a house by first house buyers. The issues and challenges range from inconvenient locations to financial issues, house buyers will encounter many problems when looking for the house of their dreams (Huang & Du, 2015).

**Figure 1**

*The Current Issues and Challenges Faced by First House Buyers*



### **Unstable Financial Positions**

As first house buyers have just started a job, most of them have unstable financial positions. Income plays a crucial role in influencing the decision making in house purchasing (Olanrewaju & Wong, 2020). First house buyers must consider their net income after tax deduction and other expenditures. After deducting all these expenses, the amount remaining is still insufficient for them to afford a house even though the house price is comparably lower after the government intervention (Olanrewaju & Wong, 2020). Moreover, student debt prevents millennials from saving for their future, such as buying a house, and some of them say they have an insufficient income. This helped to justify the monthly family income, which is directly tied to the capacity to pay back the monthly home loan instalments. Affordability is measured as a proportion of family income, with the monthly mortgage loan not exceeding 30 percent of the total household income. The debt service ratio may also be used by first house buyers to determine their affordability. On the other hand, all monthly loan obligations, including instalments and credit card payments, should not exceed 60 percent of the monthly income (Yap & Ng, 2018).

The COVID-19 pandemic and the containment policies have caused considerable losses to the economy. The consumption sector has fewer consumers, and the manufacturing industry has massive daily

production restrictions (Hu et al., 2021). Considering the current situation, the pandemic that has wreaked havoc over the globe has reduced salary increments and bonuses given to Malaysian employees in 2020 (Syed Hussain, 2020). This exerts more pressure on first house buyers to pay for the costs needed to buy their dream house. First house buyers find it hard to pay for upfront deposits, which require a higher sum of money. The pressure of borrowing money from banks and acquaintances might hinder them from buying a house. Therefore, they would prefer to rent a house rather than buy it, as in the short run, paying for a rental would seem relatively cheaper than buying a house (Olanrewaju & Wong, 2020). However, they did not consider that it might cost more to pay rental fees in the long run.

## **Unemployment Rate**

The COVID-19 pandemic has caused a severe impact on the global economy, including the increase in the unemployment rate (Pompili et al., 2022). The current pandemic, COVID-19, has swept away many job opportunities, causing employment rates to plummet (Chodorow-Reich & Coglianese, 2021). In 2019, university graduates had a lower unemployment rate than high school graduates (Scott Iii & Bloom, 2022) but the unemployment rate in Malaysia rose to its highest at 5.3 percent in 2020, the highest rate recorded since 1993. Although Scott Iii and Bloom (2022) and Zahirovic-Herbert et al. (2016) noted that persons with a higher education have more alternatives, and that this group is less likely to default on their mortgages, people are worried that they might be out of jobs as economy activities are low; due to falling revenues, many companies lay off employees to maintain a lower cost. During this pandemic, some lost their jobs (Pompili et al., 2022). Unemployment will also result in the denial of a house loan to these first house buyers.

This situation is far more significant to those who have lower education background as they are not experts who cannot be replaced by other candidates (Blustein et al., 2020). This is also supported by Scott Iii and Bloom (2022) as postsecondary education provides considerable advantages, this group of individuals finds it simpler to get work and has a lower burden of monthly loan repayments. This shows that their jobs are at stake; therefore, they would choose to cut down their spending and save more. Limited and unstable income highly discourage house buyers from purchasing house when there

is high economic uncertainty. People are afraid of the inability to pay off their liabilities when they are out of jobs. Thus, they would restrict themselves from purchasing expensive goods and services (Olanrewaju & Wong, 2020). This further validated the fact that unemployment has a major negative and statistically significant influence on first house buyers, particularly during the COVID-19 pandemic period.

## **Loan Approval**

Evidence shows that banks worldwide have tightened the loan approval standards due to economic concerns (Çolak & Öztekin, 2021). This is because the uncertainty and risk are significantly higher where these factors will adversely affect the bank loan supply (Çolak & Öztekin, 2021). Thus, bank lending during the COVID-19 pandemic is weaker. Banks will evaluate a first house buyer's capacity to repay the mortgage loan with their earnings, since the financial capability of person is vital to banks (Yap & Ng, 2018). Furthermore, first house buyers are mainly restricted in obtaining loans from financial service providers, which is one of the principal factors they consider while purchasing a house. Banks worry that first house buyers might not repay their loans on time due to limited income and unstable jobs. Given the banks' stringent assessment requirements, first house buyers should have a clean financial record and never fail on a loan repayment, as this will make obtaining a bank housing loan much easier (Yap & Ng, 2018).

The demand for housing in major cities is quite strong, owing to population growth and a high pace of urbanization, both of which drive up house prices. Due to the high construction costs, such as material and labor costs, which need property developers to take out more cash to build a building, the amount of loans for housing is often large (Yap & Ng, 2018). On the other side, first house buyers are concerned about the increase of interest rates that would increase the cost of purchasing their houses and cause consequences like the inability to repay their mortgages. Furthermore, the high interest rate will increase the amount of loan instalments, requiring consumers to pay more each month (Yap & Ng, 2018). In this pandemic moment, the restrictive financing environment exacerbates the challenges of house ownership among first house buyers. Thus, loan availability is the critical issue when buying property for low- to medium-income households among first house buyers (Hei & Dastane, 2017).

## **Location Factors**

The COVID-19 pandemic has caused some restrictions to most of the population in their daily activities. This is significant to those who live in rural areas with limited transportation options and slow internet connection, which severely affect their daily operation (Reyes-Chua et al., 2020; Tulaev et al., 2020). The inconvenience of living far away from urban areas drives the first house buyers to consider a better location when purchasing their first property (Zagalaz-Sánchez et al., 2021). Due to the shortage of land in major cities, first house buyers may believe that the price of a house in the city is out of their financial reach. The land price is affected by the location, which has varying connectivity and development magnitude, resulting in a higher land price in a mature development region. Rural areas, on the other hand, will have more affordable choices, but first house buyers might find it hard to look for a suitable house due to distance to public transportation places, work and schools, and neighborhood safety conditions (Tan, 2013).

As many first house buyers see the need for convenient transportation services around the area they stay in, they would prefer to live in a place where they could easily access public transport to work, or other places (Huang & Du, 2015). Thus, house buyers need to ensure easy access to the workplace and other facilities such as education centers, children's day-care centers, health centers, and recreational facilities when considering their first house (Olanrewaju & Wong, 2020). Therefore, a suitable location is the main factor to attract more house buyers to purchase their first house. This is vital for single or has children who care about the safety of their children and themselves. The correct location ensures first house buyers feel safe within their residential area. High perceived neighborhood safety levels would attract more individuals to a particular site. In short, the surrounding area and general safety are critical determinants of house buyers during their first house purchase (Hei & Dastane, 2017).

**Table 1**

*Sources of Constructs*

Constructs	Issues and challenges	Citations/sources
Unstable Financial Positions		Hu et al. (2021), (Blustein et al., 2020)
Unemployment Rate		Pompili et al. (2022), Chodorow-Reich and Coglianese (2021), Blustein et al. (2020)
Loans Approval		Çolak and Öztekin (2021),
Location Factors		Reyes-Chua et al. (2020), Tulaev et al. (2020), Zagalaz-Sánchez et al. (2021)

## METHODOLOGY

An extensive literature review has been carried out to explore issues and challenges faced by first house buyers in Malaysia during the COVID-19 pandemic era. Next, a quantitative approach was employed in this research where the primary instruments used to collect the primary data are questionnaire surveys. The questionnaire was created using Google Form and consisted various questions pertaining to the current issues and challenges faced by first house buyers in Malaysia during the COVID-19 pandemic. The respondents were asked to rate the questions based on a five-point Likert Scale on four identified issues and challenges for Malaysian first house 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 house buyers in Malaysia who age 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 the targeted respondents through email and internet platforms such as Facebook, Instagram and WhatsApp. Then, the data collected from the questionnaire was 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 percent. 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 issues and challenges facing by first house buyers during COVID-19 pandemic. Due to the limitation of time and funds, this article cannot collect all responses from potential first house buyers in Malaysia. However, the sampling size in this article is believed to represent the first house buyers' population in Malaysia.

## RESULT

Reliability test has been conducted in this article by using Cronbach's Alpha where the results is shown in Table 2. A value of 0.719 has been obtained in this test. A general accepted rule is that  $\alpha$  of 0.60-0.70 indicates an acceptable level of reliability, thus, the questions used in this questionnaire are acceptable.

**Table 2**

*Reliability Statistics*

Cronbach's Alpha ( $\alpha$ )	N of Items
0.719	32

Since this article was conducted online, approximately 385 questionnaires were distributed to the targeted respondents. Then, a total of 155 respondents were obtained. Therefore, it represented 40.26 percent of the response rate in the following presented data analysis and results. Each respondent only sends their responses once to prevent data replication, which would undermine the accuracy of study.

## Demographic Profile

**Table 3**

*Demographics of Respondents*

		Frequency	Percent
Gender	Male	72	46.5
	Female	83	53.5
	Total	155	100.0
Age	21 to 30 years old	117	75.5
	31 to 40 years old	38	24.5
	Total	155	100.0
State	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
Income	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
	Total	155	100.0
	Below RM2000	56	36.1
	Between RM2001 to RM3000	23	14.8
House Price	Between RM3001 to RM4000	31	20.0
	Between RM4001 to RM5000	17	11.0
	Above RM5000	28	18.1
	Total	155	100.0
	Below RM300,000	33	21.3
House Price	Between RM400,001 and RM500,000	54	34.8

(continued)

		Frequency	Percent
	Between RM400,001 and RM500,000	38	24.5
	Between RM500,001 and RM600,000	17	11.0
	Above RM600,000	13	8.4
	Total	155	100.0
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
	Total	155	100.0

Table 3 showed the frequency and percentage of male and female respondents resulting from the survey conducted in this article. Among 155 respondents, it indicates 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 respectively 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 showed that the frequency of respondents aged 21-30 was 117, accounting for 75.5 percent of 155. In addition, 38 (24.5%) respondents were collected in the 31-40 years old. The data showed that most of the respondents were in the younger age category, between 21-30 years old.

Among 155 respondents, the data indicated that most respondents were either from Selangor or Kuala Lumpur, 36.8 percent (57) of participants were from Selangor, followed by 20.6 percent (32) of 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, contributing a percentage of 5.8 percent. There were also eight respondents who were from Negeri Sembilan, with a rate of 5.2 percent. Moreover, the number of respondents from Melaka and Kedah was the same, both seven respondents with 4.5%. 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 respondents (1.9%) 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 went to Terengganu, Sabah, and Labuan, which had the same number of respondents respectively of one person, with the percentage of 0.6 percent. There were no respondents collected from Perlis in this article. According to the data collected, most respondents were from Selangor and Kuala Lumpur.

The household income of all participants was collected through this survey. According to the data received, 56 of them were at the income level below RM2000, contributed the most significant portion of the chart with 36.1 percent. The second highest response was from the income range of between RM3001 to RM4000, which presented 20 percent of the respondents in this survey. This was followed by 28 participants from high-income levels, having an income of more than RM5000, with a percentage of 18.1 percent. 14.8 percent of the chart was contributed by 23 respondents who fell in the income range of RM2001 to RM3000. The middle-income group range occupied the minor portion of the group which ranged from RM4001 to RM5000, whereby only 17 responses (11%) were collected.

The result of the maximum budget willing to be paid by respondents to purchase their first house in Malaysia showed among 155 respondents, the highest property price accepted by the respondents as the first house 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 is between RM400,001 to RM500,000, with 38 respondents, representing 24.5 percent of the total number of respondents. There were 33 respondents (21.3%) willing to afford a price below RM300,000 as their first property in Malaysia. Other than that, 11 percent (17) of the 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 a willingness to afford their first property at a price of above RM600,000.

The most popular type of property was the row 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 percent. The rate of 21.9 percent, with 34 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, 4.5 percent (7) have other preferences of the types of properties listed in the questionnaire.

**Figure 2**

*Desired Location for First House of Respondents*



Figure 2 illustrated the location data of the respondents' decision to own their first house. Among 155 respondents, the above data identified that most of the respondents chose to own a house in Selangor or Kuala Lumpur. Almost half of the respondents wanted to have their first house in Selangor, with 76 of them chose this as their desired location, representing the highest percentage, 49 percent. On the other hand, 34.2 percent of the respondents (53 respondents) decided to be in Kuala Lumpur. Next, the third-highest respondent group was 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 house. Moreover, the frequency of respondents chose Johor and Melaka were the same, which were both four respondents with a percentage of 2.6 percent. Next, three responses selected 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, which both only has two respondents, each contributing a percentage of 1.3 percent. Finally, there were no respondents recorded for the option of Sabah,

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

### **Issues and Challenges in Purchasing the First House**

**Table 4**

*Is Purchasing a House is a Challenge?*

	Frequency	Percent
Yes	145	93.5
No	10	6.5
Total	155	100.0

Table 4 showed the results of respondents to whether purchasing a house is challenging for them. Among 155 respondents, 145 respondents (93.5%) thought buying a house is challenging. However, only 10 of them, with a percentage of 6.5 percent, felt that buying a house is not difficult. In this case, the government can formulate a rule stating that citizens who have reached a specific age range should participate in a housing purchase seminar or any other activities to learn about this topic. There could be two categories, such as self-occupation purpose or investment purpose. First house buyers can make decisions according to their own needs so that at least a certain level of knowledge is acquired, and it may become a valuable guide for future planning.

**Table 5**

*Initial Consideration of First House Buyer*

	First Choice	Second Choice	Third Choice	Fourth Choice
Financial Considerations	111	25	13	6
Location Factors	22	60	58	15
Housing Loans	4	55	50	46
Unemployment Rate	18	15	34	88

**Table 6**

*Ranking for First House Buyer's Consideration*

	Mean	Weightage	%	Rank
Financial Considerations	3.239	551	35.55%	1
Location Factors	2.890	399	25.74%	2
Housing Loans	2.246	327	21.10%	3
Unemployment Rate	1.445	273	17.61%	4
			100.00%	

First house buyers will consider many aspects of personal abilities when purchasing a house. Table 5 illustrated the personal considerations for first house buyers. There were four initial considerations where most of the respondents had chosen Financial Considerations as their primary consideration, which was 111 (71.61%) respondents among the total number of respondents. In addition, the results of Location Factors and Housing Loans were comparable because they are considered the second choice with the most votes, with 60 (38.71%) and 55 (35.48%) respondents, respectively. The fourth choice, the minor consideration chosen by 88 (56.77%) respondents, was Unemployment Rate. Furthermore, Table 6 showed unemployment rate has the lowest mean, 1.445. For Financial Considerations, the mean is 3.239, being the highest among all. Therefore, according to the initial consideration ranking calculated based on the weightage, the first goes to Financial Considerations, rank two is for Locations Factors, the third rank is Housing Loans, and the last is for Unemployment Rate.

**Table 7**

*Factors Affecting Property Purchase Decision*

	First Choice	Second Choice	Third Choice	Fourth Choice	Fifth Choice	Sixth Choice	Seventh Choice
Property Condition	39	31	27	35	15	5	3
House Structure	36	28	29	16	18	17	11
Lot Size	25	30	15	22	18	28	17
Neighbourhood	30	14	12	22	35	23	19
Age of Property	12	15	41	24	21	14	28
Accessibility	24	24	11	17	20	17	42
House Amenities & Facilities	5	19	17	17	22	46	29

**Table 8**

*Ranking for Factors Affecting Property Purchase Decision*

	Mean	Weightage	%	Rank
Property Condition	4.845	792	17.87%	1
House Structure	4.316	728	16.43%	2
Lot Size	4.168	645	14.56%	3
Neighbourhood	4.052	612	13.81%	4
Age of Property	3.839	594	13.41%	5
Accessibility	3.303	571	12.89%	6
House Amenities & Facilities	2.890	489	11.04%	7
			100.00%	

Table 8 revealed the factors affecting the property purchase decision of 155 respondents before confirming the deal. It displayed seven personal considerations that would affect the property purchase decision, including Lot Size, House Structure, Age of Property, Property Condition, Neighborhood, House Amenities and Facilities, and Accessibility. In the “First Choice” column, the highest number was 39 (25.16%), representing the most significant number of respondents who choose the Property Condition as the primary consideration when buying the ideal house. The second-highest choice was the House Structure, containing 36 (23.23%) respondents. In contrast, most of the respondents, with 42 (27.10%), chose Accessibility as their least preferred choice. The second highest for the last option was the House Amenities and Facilities.

**Table 9**

Willingness to Purchase an Overbudget House

	Frequency	Percent
Yes	116	74.8
No	39	25.2
Total	155	100.0

Table 8 showed Property Condition has the highest mean, 4.845. While the lowest mean (2.890) goes to House Amenities and Facilities. In short, the top 3 ranking for factors is Property Condition, House

Structure and Lot Size, while the last ranking is House Amenities and Facilities. This means that respondents will pay more attention to the quality of the property rather than the surrounding environment to have a comfortable residence. This is inconsistent with the outcome of Olanrewaju and Wong (2020) where the quality of house is equally important as the surrounding environment as this is one of the factor that will attract the crime.

Lastly, Table 9 showed 155 respondents' results on their willingness to purchase an overbudget house. Approximately 74.8 percent (116) are willing to buy an ideal house at a price slightly higher than the budget. Nevertheless, only 39 respondents (25.2%) are unwilling to purchase an overbudget home. This is aligned with the result of this research where respondents willing to purchase house that are slightly pricey than their budget after they have considered all indirectly costs such as fuel for transportation and commuting time spend due to the traffic jam.

## DISCUSSIONS

This article has identified the issues and challenges faced by first house buyers in Malaysia where financial consideration is the most important factor that causes difficulties to first house buyers to buy their first house during the COVID-19 pandemic. The pandemic has caused some of the first house buyers to lose their job or deduction in their income. As the results show the majority (71.61%) of the respondents think financial considerations are the main concern when they are purchasing their first house, capability on repaying the monthly mortgage instalment will also be their main concern. This might bring phenomenon where most of the respondents can only afford to purchase their first property in suburban or rural areas which can be far away from their office. To mitigate this phenomenon, incentives and initiatives can be given by the government to first house buyers to lessen their financial burdens.

On the other hand, first house buyers are also concerned about the location of the property. This can be due to the young generation are more concerned about work-life balance where commuting time is also under their consideration. Furthermore, the cost of travelling could be high if their house is far away from their office. Young

generations are willing to pay more to live near to their office to avoid travelling time which can cause mental exhaustion in the long term. In addition, housing loans are ranked in the third place. This could be due to the interest rate during the COVID-19 pandemic is extremely low at only 1.75 percent from 7<sup>th</sup> July 2020 to 10<sup>th</sup> May 2022 to encourage more people to get loan from the bank. Furthermore, Malaysia government has introduced Home Ownership Campaign (HOC) from 1<sup>st</sup> June 2020 to 31<sup>st</sup> December 2021 which further encourage many young generations to buy their first house during COVID-19 pandemic. However, housing loans might not rank in the third place now as interest rate has raised to 3.00 percent since 3<sup>rd</sup> May 2023 while HOC has ended. Lastly, the unemployment rate ranked in last place. As most of the industries are still operating remotely during the COVID-19 pandemic period. Respondents might still be under employment which caused the unemployment rate to rank in the last place.

## CONCLUSION

To conclude, COVID-19 pandemic has further worsened the situation by causing a sudden drop in Malaysia's economy. The relevant parties should mitigate the identified issues and challenges by introducing effective policies and strategies during and after the pandemic. The study showed that owning a house is challenging while the financial aspect is the main consideration of first house buyers. This means that no matter how old they are or how aggressive they are in owning a house, the most important thing is to prepare a large amount of money needed to purchase a house. Therefore, first house buyers would instead consider the budget when they are planning to buy a preferred house. Furthermore, private finance institutions could refer to this article to develop more attractive incentives for first house buyers. Other than that, this article had discovered the possible reasons for the low house ownership among first house buyers. Although they agreed that owning a residential property is essential, the house ownership rate is meagre. Especially for young first house buyers, most of them reach the age where they need to consider the issues related to house purchasing but most of them might do not have sufficient knowledge in this matter. Thus, they might not realize the market and price, which causes this age group's house ownership rate to be low. They have no idea about housing loan applications because the people

around them might do not have sufficient knowledge in purchasing houses, so housing purchase will not become a topic in their usual chat. Therefore, this article could be regarded as a guideline for future references in improving the house ownership rate.

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