



AIC 2018: ADVANCES IN MANAGING OPERATIONS AND SUSTAINABILITY

Green Initiatives, Cost-Cutting, and Crime Control for
Successful Residential Developments in Malaysia

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Research Highlights

In brief, the research found that the Malaysian property market slump is caused mainly by affordability. Developers have cited the rising costs of construction materials and higher costs of living to be the main inhibitors to the market. Discussions with successful developers revealed that eco-housing does not necessarily mean premium and expensive homes. Instead, good planning may reduce the cost without compromising quality. First, the landscapes are carefully planned to minimise cost and maintenance. Second, the houses are oriented and designed to maximise natural lighting and ventilation. Third, the use of natural landscapes, layout that makes a neighbourhood un conducive for crime, and structural design of houses that addresses the need of the changing demographics of homebuyers; they are younger, middle-class, and more concerned with low maintenance over house size.

Research Objectives

Since the beginning of the decade, the Malaysian residential property market has been slumping. The situation has worsened since 2013 whereby the number of overhung residential units have increased year after year (Department of Valuation and Property Services Malaysia, 2018). When the present housing stock is unsold, developers would not introduce new projects and governments may freeze further development. This will cause the market to stagnate. Inhibiting the residential property market would then have severe implications to the economy as it prevents banks from chances of money creation through mortgages (De Young & Rice, 2004), reduce household spending (Bourguignon, Browning, Chiappori & Lechene, 1993) running counter to the Government's aims for sustainable urban development (Economic Planning Unit Malaysia, 2016). Thus this research aims to first identify the problems that have inhibited the optimal performance of property developers. Second, this research also intends to uncover the cost-saving and affordable-green initiatives that helped eco-housing developers remain profitable and successful in spite of the slumping residential property market.





Methodology

From May to June 2018, discussions were held with 11 property developers in Johor, Melaka and Negeri Sembilan; these are the major states that made up the southern region of Peninsular Malaysia where the overhung units recorded are among the highest in the nation. The states were selected based on data provided by the Ministry of Finance: Department of Valuation and Property Services Malaysia. The discussants, mainly managers and executives, were asked to give their account on the problems inhibiting the Malaysian residential property sector, the cause of the problems, as well as to share their performance in the market; if they performed well, they were asked to share the contributors to their success; else they were asked to comment on the potential problems that led to their shortfall.

Results and Findings

Generally the research found that the main inhibitor of the residential property market is the rising cost of doing business, contributed by the rising prices of construction material such as bricks, cement, steel bars, and sand. Suitable land for development are also expensive and difficult to acquire. To cope with the costs, many developers opted for larger houses which have higher revenue potential. Nonetheless, this did not go well with the homebuyers, comprising mainly of middle-income, young adults with smaller families, who wanted smaller homes with less maintenance and better security. Despite the trends for gated communities and protected surroundings (Roitman, 2017) many did not take this into consideration. Nonetheless, successful developers often consider the lifestyle of these groups and cost into consideration. Eco-housing had been doing well as it provides a good living environment surrounded by greeneries and vegetation. Plants selected were from easy-care varieties requiring less pruning and watering and evergreen. Houses are generally oriented towards east for maximum light and less heat, have good ventilation, and open spaces. In addition, less entry and exit points, positioning of these points near areas with commercial activity provides better security. Moreover, houses are reasonably sized, with no backlanes for easy maintenance and better sanitation.





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