

What Matters to University Students when Looking for a Rental House?

Nor Adila Kedin¹, Izni Syamsina Saari², Hamidah Muhd Irpan³, Ainon Syazana Ab Hamid⁴ and Noor Ibtisam Abdul Karim⁵

^{1,2,3}Senior Lecturer, Faculty of Computer and Mathematical Sciences, Universiti Teknologi MARA Cawangan Melaka, Malaysia

⁴Lecturer, Faculty of Computer and Mathematical Sciences, Universiti Teknologi MARA Cawangan Melaka, Malaysia

⁵Senior Lecturer, Faculty of Computer and Mathematical Sciences, Universiti Teknologi MARA Cawangan Melaka, Malaysia

Email: noradila_kedin@uitm.edu.my¹, izni_syamsina@uitm.edu.my², hamidahirpan@uitm.edu.my³, ainonsyazana@uitm.edu.my⁴, noor_ibtisam@uitm.edu.my⁵

Received Date: 19th Jun 2020

Accepted Date: 19th Jan 2020

ABSTRACT

The rapid growth of higher education institutions in Malaysia is parallel with the growing demand of its population pursuing tertiary education. For such reason, universities and other tertiary education providers are constantly challenged in providing sufficient in-campus accommodation to help students living comfortably. Regardless of their continuous effort in improving their facilities, the issue of shortage of students' accommodation persists; thus, boosting the demand for rental properties surrounding campus location. This opens the opportunity for homeowners who own rental units within proximity to a campus location to target students as their potential tenants. Therefore, it is worth the effort for homeowners to understand students' preferences when searching for a rental unit. In line with the stipulated issue, this study aims to investigate university students' perceived perception of five relevant criteria when searching for a rental house. This study employed a quantitative research design with a total of 150 respondents were successfully gathered via an online questionnaire. These respondents are off-campus students studying at Universiti Teknologi MARA (UiTM) Melaka campus. The result of the descriptive analysis revealed that many of the respondents

placed rental agreement as to the utmost important criterion when deciding to rent a property. It was followed by the location of the property, the surrounding security, rental price, and finally utilities and amenities. From this study, it was suggested that the homeowner should emphasize all the mentioned criteria as it was relatively perceived as significant by potential tenants. It is recommended for future researchers to expand this study at other geographic locations in addition to examine other criteria focused on by tenants when searching for a rental house.

Keywords: *rental house, students, rental criteria.*

1.0 INTRODUCTION

The Malaysian education system has drastically improved for the past few decades and this has significantly increased the enrolment of students in higher education institutions (universities) from 2002 to 2019 (“Ministry of Education”, 2019). This situation has forced universities to be equipped with decent facilities and services such as accommodation spaces, learning and recreational and other supporting facilities to provide a comfortable space for the students to live and learn (Muslim et al., 2012). However, past data showed that the increasing enrolment of the students is exceeded and cannot cater by the facilities provided especially accommodation in-campus (Khozaei et al, 2012; Johari et al, 2017). These situations create options especially for senior students to choose whether to stay in-campus accommodation or off-campus accommodation (Azeez et al, 2016). In-campus means living in accommodation facilities provided by the university. Students who live in-campus will enjoy all the benefits from the facilities but at the same time, they are expected to follow all the rules and regulations and be actively involved with the university’s activities (Razak et al, 2017; Johari et al, 2017). Some students prefer freedom, and privacy, so they opt to rent a house outside the campus. Off-campus means living outside the campus by renting a private house that is not under the management of the university (Hubbard, 2009; Kobuea et al,2017).

According to Wong (2018), in the last few years, the housing rental market for student accommodation or rental houses for university students has become prominent in Malaysia. Growing demand for a rental house from a university student has created an opportunity to generate an income for the homeowner especially for properties near to the location of universities. People willing to convert their properties specially to cater to students’ needs in finding a good rental house. Even shop-houses have been converted into student hostels. Renting a house to a student brings out more profit since the rent cost is sometimes charged

based on the number of students living in the house. It is estimated that the return of this investment is significantly promising, from 5% to 6% (Lum, 2018).

A study by Azeez et al (2016) stated that students are looking for a decent rental house with good environments and facilities so that they can stay comfortably and at the same enhance their academic performance. Living in a poor and inadequate house can lead to nightmares and stress. According to Lum (2018), students prefer large units so that they can share the cost of renting together with friends and bring the cost of rent lower for each student. Due to the strong demand on house rental among university students, it is worth for the homeowner to investigate the criteria of a rental house that can meet their future tenants need. Thus, this research aims to investigate students' perceived criteria and perceptions when selecting a rental house.

2.0 LITERATURE REVIEW

Housing choices are an essential part of life, and the factors influencing these choices are diverse (Chen et al, 2018; Wang & Otsuki, 2015). Based on the above justifications, this study will present an extensive preview of the literature and research related to perceptions of tenants when looking for a rental house focusing only on house rental price range, security, strategic locations that are convenient for the tenants, and lastly utilities and amenities provided by the homeowner since it is the most common and preferable criteria that tenants especially universities students are looking for in a rental house.

2.1 House Rental Price Range

Young adults especially students tend to have a below-average level of financial literacy and are lacking in access to financial services. Leaving the parents' home often triggers a greater sense of financial responsibility (Heath, 2008). Each property is considered unique; thus, is value differently (Cohen & Karpavičiūtė, 2017). As stated by Wickramaarachchi (2016), assessing the rental value of residential properties is a complex and challenging process. Tenants always looking for a reasonable price when renting a house and negotiation is important to make sure both parties (homeowners and tenants) are satisfied (Hajar et al, 2012; Rachmawati, 2016). Having reasonable rates does not mean having the cheapest prices. Students are normally attracted to housing areas near the campus and important facilities that offer affordable and reasonable rental prices (Razak et al., 2017). The study by Zainon et al. (2017) reported that majority of the tenants

prefer to stay near the city, as compared to the city centre because most of them can only afford to rent a house there. This is reflected in the rate of house rentals as houses located in the city centre are more expensive. However, some tenants prefer to move out to the suburbs due to the lower cost of living in addition to affordable (Oliver et al, 2016).

2.2 Surrounding Security

Security is also an essential factor that needs to be taken into consideration. It is important that a tenant feels safe and secure in the rental property (Hajar et al, 2012). Several studies (San, 2016; Robinson, 2018) agreed that it is a basic responsibility of the homeowner to provide the tenant with a secure home, adequate protection from intruders, free of all hazards of any types. This was supported by Zainon et al (2017) who also believes that tenant always hoping to live in a better and safe neighbourhood, such as in gated and guarded area residences with security guards patrolling the area all time. An active neighbourhood's association is very important to strengthen the surrounding safety. Living in an area where there is evidence of community engagement is important to a lot of people. That is amongst the criteria that they look for when they attend open houses (Robinson, 2018).

2.3 Location

According to Robinson (2018) and Zainudeen et al. (2006), location is the first criteria that prospective tenants look for in searching for a rental house. San (2016) stated that location usually will be represented by certain criteria to make it more functional and significant. Properties close to schools, hospitals, shopping centres and transportation do not stay very long in the rental house market (Robinson, 2018). A study by Zainon et al. (2017) reported that majority of the tenants prefer to stay near the city, as compared to the city centre, because of the proximity to their working place and other facilities which will provide services they need for the daily life.

2.4 Utilities and Amenities

In a rental house, utilities are another significant attraction point to the tenants. San (2016) believes that housing should provide under conditions which will promote good health including clean and adequate water supplies, stable electricity, and the removal of various kinds of waste. Studies by Chris & Somefun (2007) and Crone et al. (2004) explained the criteria that tenants' searching for a

rental house to have at least the basics (semi-furnished) facilities include bedroom (bed and wardrobe), kitchen (stove), and proper drainage. This can help the tenants to at least save some cost in buying new furniture.

2.4 Rental Agreement

According to NST Property (2018), rental or tenancy agreement is a legal contract between the homeowner and the tenant. The agreement outlines the requirements that must be met by the tenant (Jane, 2017). The main purpose of having a rental agreement is to safeguard the interests of both parties. It covers the responsibilities of both sides for the duration of the tenancy. The rental agreement should be drafted carefully (Deoras, 2015). Tenants are protected under the rental agreement in terms of rent increases, property damage and maintenance, and insurance or property taxes for which the homeowner may be responsible. The homeowner too can write the lease for their protection against the tenants (Jane, 2017). Therefore, the proper agreement should be made and is signed by both parties to benefit both homeowners and tenants, helping to reduce the potential risk of problems in the future.

3.0 METHODOLOGY

This study focuses on one of the public universities in Malaysia as a qualitative case study to examine the academic progress monitoring of its undergraduate students. The university is chosen due to its typical environment in which feedback control approach is implemented in monitoring academic progress. A series of semi-structured interviews with average duration of 30 to 40 minutes was conducted. The interviewees selected among the students who were taught by the researchers during the period of study.

4.0 RESULT AND DISCUSSION

4.1 Demographic Profiles

150 students were involved in this study. Majority of them are female (65.3%) and studying at bachelor's degree level (77.3%). All the students were off-campus students which mean they were staying in rental houses.

Table 4.1: Demographic profile of respondents

Variable		N	%
Gender	Male	52	34.7
	Female	98	65.3
Education level	Diploma	34	22.7
	Degree	116	77.3
Total		150	100.0

4.2 Descriptive statistics on rental house criteria

Based on the result in Table 4.2, respondents agreed that all criteria listed in the table below are important when looking for a rental house. The lowest mean score corresponds to the factor of utilities and amenities while the highest mean score refers to the rental agreement, followed by location, surrounding security, and the rental price range.

Table 4.2: Mean score for each variable in the study

Variable	Mean	SD
Rental Agreement	4.34	0.47
Location	4.23	0.51
Utilities and Amenities	3.90	0.49
Surrounding Security	4.21	0.53
Rental price range	4.07	0.47

Table 4.3: Mean score for each item in every variable

Variable	Item	Mean	SD
Rental Agreement	1) The rental agreement should be provided by the home owner each time	4.43	0.65
	2) The appropriate house rental agreement that the home owner provide is very important	4.39	0.68
	3) In the rental agreement, responsibility of both party for the rental house need to be stated clearly	4.39	0.73
	4) The content of the house rental agreement cannot be change after both parties (home owner and tenants) have signed the agreement	4.17	0.74
	5) The house rental agreement cannot be signed by other people beside the home owner and tenant themselves only	4.29	0.74
Location	1) Strategic location is included as the major factors for tenancy criteria	4.35	0.70
	2) Most of the tenant choose their rental house location to suite their daily need	4.29	0.76
	3) Home owners need to tell all about what kind of circumstances of the rental house area	4.27	0.80
	4) The tenants tend to avoid choosing the rental house far from public transport.	4.11	0.77
	5) The tenants are preferring to choose rental house that near with school/workplace	4.11	0.76
Utilities and Amenities	1) The house rental need to be fully furnish	4.19	0.74
	2) The house rental need to be semi-furnish only	3.87	0.86
	3) The not furnished rental house is acceptable	3.48	0.92
	4) The utilities bills must be included in the rental price agreed by the tenants	3.99	0.86
	5) Tenants need to give a deposit for utilities bill and amenities to the home owner as the initial house rental price	3.95	0.81
Surrounding Security	1) The neighbourhood association is important to be implied in the residential area	4.28	0.74
	2) Tenants usually rent a house that is near or in residential area that have many people	4.15	0.78
	3) The safety of home owner's property is not the home owner's responsibility but tenants themselves	4.06	0.81
	4) The security patrol in residential area is very important	4.27	0.65
	5) The effectiveness of having of security patrol and pass security in tenant house area for example apartment area	4.30	0.71
Rental price range	1) The home owner set the rental price based on their tenant's income	3.94	0.88
	2) The tenants can negotiate the price with the home owner based on the house rental condition	4.34	0.69
	3) The home owner can change house rental rate based on economic condition	3.76	0.99
	4) The house rental rate can be changed if agreement signed by both parties are not official (validated as legal authority)	4.13	0.74

Rental Agreement

From the mean score, it was found that majority of respondents agreed that the rental agreement should be provided ($M = 4.43$, $SD = 0.65$) and the agreement should be drafted appropriately ($M = 4.39$, $SD = 0.68$). On top of that, the responsibility of both parties should be stated clearly in the agreement ($M = 4.39$, $SD = 0.73$). Respondents also believed that the agreement should be signed between homeowners and actual tenants ($M = 4.29$, $SD = 0.74$) and the said documents are not amendable after signing ($M = 4.17$, $SD = 0.74$).

Location

From the mean score, it was found the respondents are looking at that strategic location when looking for a rental house ($M = 4.35$, $SD = 0.70$), that can facilitate their daily need ($M = 4.29$, $SD = 0.76$) such as near public transport ($M = 4.11$, $SD = 0.77$) and near to school/workplace ($M = 4.11$, $SD = 0.76$). Respondents also agreed that the homeowners should explain the conditions and neighbourhood area to the tenants ($M = 4.27$, $SD = 0.80$).

Utilities and Amenities

From the mean score, the respondents agreed that when looking for a rental house, it is a bonus when rental house provided a fully furnished house ($M = 4.19$, $SD = 0.74$) and utility bill ($M = 3.99$, $SD = 0.86$) also deposit for utility bill ($M = 3.95$, $SD = 0.86$) be included in the rental price to help the tenants estimate their budgeting monthly. However, at the same time, respondents still can accept a semi-furnished rental house ($M = 3.87$, $SD = 0.86$) or not furnished at all ($M = 3.48$, $SD = 0.92$) since less commitment needed to taking care of the home owner's property.

Surrounding Security

From the mean score, the respondents agreed that an effective security patrol ($M = 4.30$, $SD = 0.65$) or at least the existence of security patrol ($M = 4.27$, $SD = 0.65$) plus an active neighbourhood association is needed ($M = 4.28$, $SD = 0.71$) in order to improve the security around the house. Respondents also will try to rent a house in large population neighbourhood ($M = 4.15$, $SD = 0.78$). Respondents also agreed that it is the homeowner's responsibilities to protect their property ($M = 4.06$, $SD = 0.81$).

Price Range

From the mean score, the respondents agreed negotiation on rental price should be made between the homeowner and tenants considering the conditions of the house ($M = 4.34$, $SD = 0.69$) and the location of the house ($M = 4.17$, $SD = 0.70$). Besides that, the respondents agreed that the rental rate can be changed if they don't have a

legal rental agreement ($M = 4.13$, $SD = 0.74$). the respondents also slightly agreed that the rental price should be set depending on the income ($M = 3.94$, $SD = 0.88$) and economic conditions ($M = 3.76$, $SD = 0.99$).

5.0 CONCLUSION

This study explored students' perceived criteria and perception when searching for a rental house. From the research result, it was revealed that respondents' place the utmost emphasis on the rental agreement as well as location of the property, subsequently the surrounding security, rental price range and finally utilities and amenities when searching for a rental house. Therefore, it is imperative for homeowners who target universities students as their primary target market to consider the above factors in managing their rental units.

This research also addressed several limitations and recommendations following from earlier findings. Since this study targeted only off-campus students from UiTM Melaka Branch, findings produced were specific to the perspective of individuals representing the Malacca area. Therefore, the findings should cautiously be inferred or cannot be simply generalised to represent the entire population of off-campus students in Malaysia. It is recommended for future researcher to broaden the study at other geographic location to get different perceptions regarding the preference on a rental house and search for other segments of the target market.

Besides that, this study only observed the influence of five factors when searching for a rental house, hence it is recommended for future researcher to examine other potential criteria focused on by tenants when searching for a rental unit.

REFERENCES

- Azeez, T., Taiwo, D., Mogaji-Allison, B., & Bello, A. (2016). Comparative Assessment of Students' Satisfaction with Hostel Accommodation in Selected Private Universities in Ogun State, Nigeria. *European Scientific Journal, ESJ*, 12(32). DOI: 10.19044/esj.2016.v12n32p410
- Chen, J.H. Wu, Y. Guo, F. Wang, H.(2018) Domestic property and housing class in contemporary urban China. *J. Hous. Built Environ*, 33, 91–109. DOI: 10.1007/s10901-017-9545-6.

- Chris, A. O., & Somefun, A. O. (2007). The effects of facilities provision on rental values of residential properties in Ikeja: Lagos State, *Journal of Land Use and Development Studies*, 3, 61-67. DOI : 10.4038/besl.v12i1.7612
- Crone, T. M., Nakamura, L.I., & Voith, R., (2004). Hedonic Estimates of the Cost of Housing Services: Rental and Owner-Occupied Units. FRB of Philadelphia Working Paper, No. 04-22. DOI : 10.2139/ssrn.610942
- Cohen, V & Karpavičiūtė, L. (2017). The analysis of the determinants of housing prices. *Independent Journal of Management & Production*. 8. 49-63. DOI: 10.14807/ijmp.v8i1.521.
- Deoras, N. P. (2015). Factors to consider before renting out your house. *The Economic Times Wealth*. Retrived from: <https://economictimes.indiatimes.com/wealth/earn/factors-to-consider-before-renting-out-your-house/articleshow/48581645.cms?from=mdr>
- Hajar, S., Susilawati, M., & Nilakusumawati, D. P. (2012). Faktor-Faktor yang Memengaruhi Keputusan Mahasiswa Dalam Memilih Rumah Kost. *e-Jurnal Matematika*, 1. DOI: 10.30997/jtm.v3i2.1868
- Heath, S. (2008) *Housing Choices and issues for young people in the UK*. Joseph Rowntree Foundation. Retrieved from: www.jrf.org.uk
- Hubbard, P. (2009) *Geographies of Studentification and purpose-built student accommodation: Leading separate lives?* *Environment and Planning A*. 41(8), 1903-1923. DOI: 10.1068/a4149
- Jane, M. (2017, July 27). *The Purpose of a Lease for Houses & Apartments*. *Pocket Sense*. Retrieved from: <https://pocketsense.com/purpose-lease-houses-apartments-7942982.html>
- Khozaeia, F., Ramayah, T., & Hassan, A. (2012). A Shorter Version of Student Accommodation Preferences Index (SAPI). *American Transactions on Engineering & Applied Sciences*, 1(3), 195-211. Retrieved from <http://www.i-scholar.in/index.php/ATEASTUE/article/view/59231>
- Kobue, T. (2017). Understanding the Determinants of Students' Choice of Occupancy for Creative Construction. *Procedia Engineering*. 196. 423 – 428. DOI: 10.1016/j.proeng.2017.07.219

- Johari, M., Mohd, T., Abdullah, L., Ahmad@Mohamed, N., & Sani, S. I. A. (2017). Evaluating Off-Campus Student Housing Preferences: A Pilot Survey. *AIP Conference Proceedings*. 1891. DOI: 10.1063/1.5005401
- Ministry of Education, (2019). *M. Quick Facts 2019, Malaysia Educational Statistics* (Putrajaya: Educational Data Sector, Educational Planning and Research Division, Ministry of Education Malaysia, 2019). Retrieved from : <https://www.moe.gov.my/muat-turun/penerbitan-dan-jurnal/terbitan/buku-informasi/2722-quick-facts-2019/file>
- Muslim, M. H., Karim, H. A., & Abdullah, I. C. (2012). Satisfaction of Students' Living Environment between On-Campus and Off-Campus Settings: A Conceptual Overview. *Procedia-Social and Behavioral Sciences*, 68, 601-614. DOI: 10.1016/j.sbspro.2012.12.252
- NST Property, (2018, June 7). Guide to tenancy agreements in Malaysia. Retrieved from <https://www.nst.com.my/property/2018/06/377569/guide-tenancy-agreements-malaysia>
- Oliver, L.H.L., Mansir, N.A., Mohamed Musthafa, S.N.A. (2016). The housing preference of young people in Malaysian urban areas: A case study Subang Jaya, Selangor. *Geografia Online Malaysian Journal of Society and Space*, 12(7), 60 - 74. DOI : 10.17576/geo-2016-1207
- Rachmawati, S. (2013). Analisis Preferensi Mahasiswa Dalam Pemilihan Tempat Kos (Studi: Kawasan Kos di Kelurahan Ketawanggede dan Kelurahan Sumber Sari, Kota Malang). *Jurnal Ilmiah Mahasiswa* Feb 2013, 2(1). Retrieved from : <https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/846>
- Razak, A, F., Shariffuddin, N., Mohd Padil, H & Hanafi, N. (2017). Phenomenon Living in Off-Campus Accommodation among UiTM Students. *International Journal of Academic Research in Business and Social Sciences*. Vol.7. DOI: 10.6007/IJARBS/v7-i6/3038
- Robinson, L (2018, January 18). Factors That Influence Rental Decision. Retrieved from <https://www.rentalresults.com.au/factors-that-influence-rental-decision/>

- Ruivo, R. (2010). Determinants of rental rates in major cities in the United States, Bryant economic research paper,3(7), 1-14
- San, C. K. (2016). Attributes Influence Home Buyers' Purchase Decision: A Study of Residential Property in Setia Alam. 8-9. Retrieved from : <http://eprints.utar.edu.my/id/eprint/2078>
- Wang, Y.N. Otsuki, T. (2015). Do institutional factors influence housing decision of young generation in urban China: Based on a study on determinants of residential choice in Beijing. *Habitat Int.* 2015, 49, 508–515. DOI: 10.1016%2Fj.habitatint.2015.07.002
- Wong, K,W. (2018, June 14). The Edge Malaysia. Cover Story: Growing demand for student housing. Published on June 2014. Retrieved from <https://www.theedgemarkets.com/article/cover-story-growing-demand-student-housing>
- Wickramaarachchi, N. (2016). Determinants of rental value for residential properties: A land owner's perspective for boarding homes. *Built-Environment Sri Lanka*. 12. DOI: 10.4038/besl.v12i1.7612/
- Lum, K,K. (2018). Renting out to students. Published on January 2018. Retrieved from <https://www.edgeprop.my/content/1276550/renting-out-students>
- Zainon, N, Mohd-Rahim, F, A, Sulaiman, S, Abd Karim,S.B, Hamzah, Factors Affecting the Demand of Affordable Housing among the Middle-Income Groups in Klang Valley Malaysia A Journal of Design and Built Environment, Special Issue 2017. DOI: 10.22452/jdbe.sp2017no1.1
- Zainudeen, N. Senarathne, S. Jayasena, S. & Rameezdeen, R.(2006). Horizontal housing property market, *Built - Environment-,Sri Lanka*, 7(1), 16-22. DOI: 10.4038/besl.v7i1.1947