

Youth-Centric Housing Development: Strategic Opportunities and Challenges in Sarawak's Property Market

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ABSTRACT

Youth housing development has become an essential component of Sarawak's broader economic strategy, particularly in response to growing urban migration and increasing demand for affordable housing. This paper explores the strategic opportunities for developing youth-centric housing solutions, including potential land acquisitions from the state government and innovative financing solutions like a "Rent-to-Own" program. Using a mixed-methods approach, this study combines quantitative data analysis of land costs, construction expenses, and housing demand with qualitative insights from stakeholder interviews, including government representatives, developers, financial institutions, and young adults. By aligning these findings with Sarawak's Post-COVID-19 Development Strategy 2030 (PCDS2030), these developments aim to support both social empowerment and economic growth. The paper also addresses the challenges of creating sustainable, affordable housing and highlights the potential benefits of this financing model.

Keywords: *Youth-Centric, Housing Development, Rent-to-Own.*

INTRODUCTION

Housing plays a vital role in fostering economic and social stability, especially for young adults entering the workforce. In Sarawak, the rising youth population is driving demand for affordable housing. However, many young people face challenges in accessing homeownership due to financial constraints.

KOBIS Berhad aims to address these challenges by introducing youth-centric housing solutions that include innovative financing models. The objective of this research is to develop a strategic analysis of opportunities and challenges in Sarawak's property market, focusing on helping first-time homebuyers through affordable housing options and flexible financing mechanisms like the "Rent-to-Own" program.

LITERATURE REVIEW

Youth housing affordability is a critical issue worldwide, with various studies identifying common barriers to homeownership, such as rising property prices, high initial down payments, and limited access to credit (Freeman, 2019; McKee et al., 2020). Several countries have adopted innovative financing models like rent-to-own programs, which offer a path to homeownership without immediate financial pressure (Hulse, 2019). Report from Urban Reform Institute (2021) on the Demographia International Housing Affordability highlights that rent-to-own schemes help mitigate the risk of youth falling into rental traps, allowing them to build equity while renting.

In Malaysia, there has been growing interest in affordable housing programs. The National Housing Policy 2018-2025 (Ministry of Housing and Local Government, 2019) emphasizes the importance of providing affordable housing options for all income groups, particularly the B40 and M40 groups, which include many young adults. However, challenges remain in bridging the gap between housing availability and affordability. Local studies, such as those by Chong and Ong (2022), suggest that government subsidies and innovative financing models can play a significant role in improving housing accessibility for young adults in Malaysia.

The Research Model

The research model for this study provides a conceptual framework that connects the key variables influencing youth-centric housing development in Sarawak. The model incorporates economic, regulatory, and social factors that shape affordable housing opportunities for young adults, particularly through innovative solutions like the Rent-to-Own (RTO) program. Grounded in housing affordability and economic development theories, the model is structured to explore the relationships between primary drivers and outcomes within the unique context of Sarawak's property market. The key components of the research model are as follows:

1. External Factors

External factors, such as economic conditions, government policies, and demographic shifts, serve as the foundational variables impacting the housing market (Howes et al. 2017; Pei-Pei, 2021). These factors determine the availability of resources, regulatory support, and demand for youth housing (United Nation, 2024; Kementerian Ekonomi, 2020). By incorporating these factors, the model accounts for the macroeconomic and policy environment that either facilitates or constrains affordable housing initiatives for youth.

2. Key Drivers of Youth Housing Development

The model identifies three critical drivers of youth-centric housing development in Sarawak:

Land Acquisition Support: Partnerships with the Sarawak state government to access affordable land for development reduce overall project costs, facilitating lower-priced housing for young adults.

Innovative Financing Models: Flexible financing mechanisms, notably the Rent-to-Own program, help address financial accessibility barriers, enabling young adults to transition from renting to homeownership.

Youth-Centric Development: The design and placement of housing projects aim to meet young adults' specific needs, with a focus on affordability, proximity to employment hubs, and access to essential services.

3. **Moderating Variables**

Certain moderating variables, such as the rising costs of construction materials, the regulatory environment, and financial literacy among young adults, influence the effectiveness of youth housing initiatives. These variables are integral to the model as they reveal potential challenges that may impact the scalability and affordability of housing solutions in Sarawak.

4. **Expected Outcomes**

The model anticipates that youth-centric housing development initiatives, underpinned by targeted financing solutions and government support, will lead to two main outcomes:

Increased Housing Accessibility: By lowering costs and offering flexible ownership paths, the model predicts higher accessibility to housing for young adults in Sarawak.

Economic and Social Empowerment: Enhanced access to homeownership fosters financial independence and economic stability among youth, contributing to Sarawak's socio-economic goals outlined in the Post-COVID-19 Development Strategy 2030 (PCDS2030) (Economic Planning Unit Sarawak, 2021).

METHODOLOGY

This research employs a mixed-methods approach to explore strategic opportunities for youth-centric housing development. The study comprises two phases, namely the quantitative and qualitative phases as discussed below:

1. **Quantitative Data Analysis.** Data on land acquisition costs, construction materials, and housing demand in Sarawak are gathered from government reports and real estate market analyses. Financial data from KOBIS Berhad's housing pilot projects are used to project cost savings through land acquisition and innovative construction methods.
2. **Qualitative Interviews.** In-depth interviews are conducted with key stakeholders, including representatives from the Sarawak state government, housing developers, financial institutions, and young adults seeking housing. These interviews help identify challenges in

regulatory processes, financial accessibility, and perceptions of the Rent-to-Own model. Feedback from young adults participating in KOBIS Berhad's Rent-to-Own pilot program provides insights into the effectiveness of the model in addressing their housing needs.

FINDINGS AND DISCUSSIONS

This section presents the findings from the data collection and analysis, encompassing both quantitative and qualitative insights. The results illustrate the potential impact of youth-centric housing development initiatives in Sarawak, particularly through strategies such as government partnerships, flexible financing models, and targeted affordability measures. Following the results, a discussion contextualizes these findings within the broader framework of Sarawak's property market and policy landscape.

Key Findings from the Quantitative Phase

1. **Land Acquisition Costs.** The analysis of government reports and real estate market data revealed that land acquisition costs in Sarawak vary significantly by location, with urban areas presenting higher costs. KOBIS Berhad's pilot projects demonstrate potential cost savings of up to 20% through government-assisted land acquisitions, reinforcing the viability of public-private partnerships in reducing development expenses.
2. **Construction Material Costs.** Rising material costs emerged as a prominent factor impacting overall project feasibility. Data analysis highlighted an average increase of 15% in construction costs over the past three years, influenced by inflation and supply chain disruptions. Innovative construction techniques, such as modular construction and sourcing local materials, may provide a partial offset to these cost increases.
3. **Demand for Affordable Housing.** Data on housing demand indicated a growing need for affordable housing options among young adults migrating to urban centers. A 2023 survey conducted with young adults in Sarawak showed that 65% expressed interest in homeownership

within the next five years, while 70% favored alternative financing models like Rent-to-Own.

Key Findings from the Qualitative Phase

1. ***Stakeholder Perspectives on Government Partnerships.*** Interviews with representatives from the Sarawak state government and housing developers highlighted positive attitudes towards partnerships aimed at providing affordable youth housing. Both groups acknowledged that accessible land and streamlined regulatory processes are key to successful projects. However, developers voiced concerns about delays in approval processes, which can increase overall costs and affect timelines.
2. ***Perceptions of the Rent-to-Own Model.*** Young adults participating in KOBIS Berhad’s pilot Rent-to-Own program indicated strong support for the model, with 80% noting that it reduced the immediate financial pressure of homeownership. Financial institutions also showed interest in supporting the program, with suggestions to implement flexible down payment structures to accommodate varying financial backgrounds.
3. ***Challenges in Financial Accessibility.*** Financial literacy and creditworthiness emerged as primary barriers for youth attempting to secure traditional financing. Feedback from stakeholders suggests that complementary financial literacy programs could enhance the effectiveness of the Rent-to-Own program by equipping young adults with budgeting and savings skills, ultimately supporting more sustainable homeownership.

DISCUSSIONS

Strategic opportunities to enhance youth housing accessibility in Sarawak

This research illustrates several strategic opportunities for enhancing youth housing accessibility in Sarawak, emphasizing the potential of collaborative public-private models and innovative financing solutions. The quantitative data underscores the importance of land acquisition support and flexible

financing to offset the rising costs of construction materials. This aligns with previous research advocating for government involvement in housing affordability to create lower-cost pathways to homeownership for young adults.

The qualitative insights reveal that both regulatory efficiency and financial literacy are essential to sustaining these initiatives. The support from financial institutions for the Rent-to-Own model is promising, suggesting that further development of this financing option could significantly impact youth homeownership rates. However, regulatory delays and rising construction costs remain significant challenges. Addressing these will require ongoing collaboration between developers, financial institutions, and government entities.

Together, these results support the broader vision of Sarawak's PCDS2030 by aligning affordable housing initiatives with long-term social empowerment and economic resilience. The strategic use of flexible financing models, coupled with targeted education and government partnerships, can create a scalable framework for addressing youth housing needs, fostering a generation of empowered young homeowners in Sarawak.

Strategic Opportunities

1. ***Land Acquisition from the State Government.*** Securing land from the Sarawak state government presents a significant opportunity to reduce development costs, enabling more affordable housing projects. With government support, developers can access land at lower prices, making it possible to offer housing at reduced costs for young adults. KOBIS Berhad is actively exploring partnerships with government bodies to identify suitable land for youth-focused housing projects. These developments will create modern, affordable living spaces, helping to meet the growing demand for youth housing in urban areas.
2. ***Addressing Housing Needs for First-Time Buyers.*** As youth migrate to urban centers for employment, the demand for affordable housing grows. Many young adults, however, face financial barriers in purchasing their first home, whether due to a lack of savings or challenges in securing traditional loans. KOBIS Berhad is committed to understanding these needs and developing solutions that align with

young adults' financial capabilities. This includes not only providing affordable housing options but also ensuring that homes are located near essential services and employment hubs, making them more accessible and practical for young people.

3. ***Introducing the "Rent-to-Own" Program.*** An innovative solution that can ease financial pressure on young homebuyers is the introduction of a "Rent-to-Own" program (Smart Sarawak, 2021). This program allows young adults to rent a home for 3 to 5 years, during which they accumulate savings to eventually purchase the property. The key advantage of this model is that it allows renters to secure the current property price, avoiding future increases in housing costs. During the rental period, participants will have the option to convert their rent into equity, which can then be used toward the down payment when they decide to purchase the property. This flexible financing model enables young buyers to save and build credit while enjoying the security of knowing they can eventually own the home at a pre-determined price. KOBIS Berhad plans to pilot this program, offering youths the opportunity to secure housing today while building their financial capacity to purchase in the future. This approach not only makes homeownership more accessible but also protects young adults from future market volatility and rising property prices.

Challenges in Youth-Centric Housing Development

1. ***Rising Land and Construction Costs.*** Despite the opportunity to acquire land at lower costs from the government, the rising price of construction materials presents a challenge. Inflation, high demand for materials, and supply chain disruptions can lead to increased development costs, making it difficult to keep housing affordable. KOBIS Berhad is exploring innovative construction techniques, such as modular building and the use of locally sourced, sustainable materials, to help reduce these costs while maintaining high-quality standards. This approach ensures that youth housing projects remain financially viable and accessible.
2. ***Financial Barriers for Youth.*** A significant challenge for many young adults is obtaining financing for their first home. Issues such as insufficient savings, poor credit history, or a lack of financial literacy

can prevent them from qualifying for traditional loans. Addressing these financial barriers requires innovative approaches to homeownership, like the "Rent-to-Own" model. KOBIS Berhad is working to improve financial accessibility through debt consolidation services and loan advisory programs. Additionally, the Rent-to-Own model offers a more flexible path to homeownership, allowing youths to secure a property and save over time before committing to a purchase.

3. ***Regulatory Delays.*** Regulatory hurdles, including lengthy approval processes for construction permits and environmental assessments, can delay the implementation of housing projects. These delays can increase costs and limit the availability of affordable housing. KOBIS Berhad leverages its relationships with government bodies to navigate these regulatory processes more efficiently. Streamlining the approval process is essential to ensuring that youth housing projects are delivered on time and within budget.

Financial Solutions for Youth Housing

1. ***Flexible Financing Models.*** The "Rent-to-Own" program offers a practical financing solution for young adults who are unable to make an immediate down payment on a home. By allowing participants to rent for several years and accumulate equity, this model reduces the financial burden of homeownership. In addition, KOBIS Berhad is exploring partnerships with local financial institutions to offer youth-friendly mortgage products that include flexible payment plans and lower initial down payments, further easing the path to homeownership for first-time buyers.
2. ***Incentives for First-Time Homebuyers.*** Government subsidies and tax incentives for first-time homebuyers can make homeownership more affordable. By advocating for increased subsidies and incentives, KOBIS Berhad is working to lower the overall cost of homeownership for young adults, making it easier for them to enter the housing market.

CONCLUSION

The development of youth-centric housing in Sarawak is vital for supporting young adults as they transition into homeownership, contributing to both immediate housing needs and the broader socio-economic goals of Sarawak's Post-COVID-19 Development Strategy 2030 (PCDS 2030). This study underscores the potential of innovative approaches, such as the Rent-to-Own (RTO) model and strategic land acquisitions, to make affordable housing accessible to young Sarawakians while also fostering long-term economic empowerment.

There are several recommendations to improve youth housing ownership opportunities. These recommendations include expanding private-public partnership with Sarawak state government to accelerate land access and regulatory approvals, broaden rent-to-own accessibility, strengthen financial literacy among youth with proper education in budgeting and credit management before purchasing a house and utilizing KOBIS Berhad as an institution to bridge the housing affordability gap in Sarawak.

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CONFLICT OF INTEREST

The author declares that there are no conflicts of interest with any party.

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