

Chapter 1.

Introduction

Had not the economic downturn of the 1987 taught developers enough lessons? Unfortunately, many housing developers blamed the Asian financial crisis as the culprit or the source of their problems. Since the property and financial crisis occurred every decade, it is the 'cycle' that caused the oversupply of houses and properties in the market and nothing of their faults. Alternatively, they might also point their fingers at the lack of informative data to warn them of oversupply in the market.

In this paper, properties will consist of the three sectors: Residential, Industrial, and Commercial. However, the emphasis will be on the residential sector i.e. housing accommodation where developers will have to obtain licenses and permits from the Ministry of Housing and Local Government before they begin the construction and marketing of their units. Commercial and industrial sectors are excluded from the monitoring and licensing of the Ministry. However, housing accommodation will include 'shop-houses' as defined by the Housing Developers (Control and Licensing Act 1966):

"Housing Accommodation" includes any building, tenement or message which is wholly or principally constructed, adapted or intended for human habitation or partly for human habitation and partly for business premises. (section 3, Housing Developers Act 1966).

Furthermore, "housing development" as defined by the Act will exempt developers from obtaining licenses and permits if they practice 'build then sell' concept in their housing projects.

"Housing Development" means to develop or construct or cause to be constructed in any manner more than four units of housing accommodation and includes the collection of moneys or the carrying on of any building operations for the purpose of erecting housing accommodation in, on, over or under any land; or the sale of more than four units of housing lots by the landowner or his nominee with the view of constructing more than four units of housing accommodation by the said landowner or his nominee. (section 3, Housing Developers Act 1966).

This paper will examine in details only the residential sector. Thus, in the following chapter Housing Scenario in Malaysia covers only residential sector. Next, I will discuss the problems facing the housing industry covering such issue as the problems of oversupply, mismatch, low-cost houses, and housing technology. In the chapter, Strategic Management Process and Models, I will explained the Industrial Organization and Resource-Based Models of Super Returns, the Value-Change Model and Porter's Five Forces Model of Competition. These Strategic Management Process and Models are valuable to developers. Indeed, every developer should understand these Strategic Management Process and Models and become part of their daily business endeavours and decision-makings to avoid unnecessary failure and problems. With the recovery of the economy and rapid urbanization, the future prospects of housing industry will be discussed next which includes the impact of electronic technology on housing industry (e-business for housing). Following that, some recommendations for improvement in housing industry will be discussed which involves public policy for foreign buyers and bumiputera ownership and participation in housing. The paper concludes by stating the important of resourceful *people* in housing industry and only those innovative, creative, and knowledgeable developers will survive and dominate the future market place.