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Housing Policies, Affordability, and Homeownership Intentions among Malaysian Youth

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Abstract
This study examines the gap between housing policies and youth purchase behavior in Malaysia, with a focus on policy effectiveness, affordability constraints, and homeownership intentions. The research aims to identify the key factors influencing real estate decisions among Malaysian youth, particularly income, interest rates, housing cost, location, and government incentives and policies. A quantitative approach was employed, using survey data collected from target respondents. Descriptive analysis revealed that respondents generally perceive real estate as important, but their decisions are influenced more by financial capability than external factors. Multiple regression analysis indicated that housing cost, income, and location significantly influence homeownership intention. Housing cost emerged as the most dominant factor, highlighting the critical role of affordability in decision-making. Interest rates and government incentives were found to have no significant effect on purchase behavior. These findings suggest the existence of a policy-behavior gap, where government initiatives are perceived positively but fail to translate into actual homeownership decisions. The study also highlights the limitations of relying solely on behavioral theories without incorporating economic constraints. The research provides important insights into the mismatch between policy design and the real needs of Malaysian youth, emphasizing the importance of affordability-driven and user-centered housing strategies.
Keywords: Homeownership Intention, Housing Affordability, Malaysian Youth, Government Housing Policy, Real Estate Decision-Making, Income, Housing Cost

Introduction
Rapid urbanization and rising housing prices have increasingly constrained homeownership opportunities among Malaysian youth, creating a persistent affordability challenge despite continued policy interventions. Empirical evidence suggests that housing affordability in

Malaysia is strongly influenced by uneven income distribution and escalating property prices, particularly in urban centers such as the Klang Valley (Rangel et al., 2024; Zulkarnain et al., 2025). Young adults, especially millennials and Generation Z, face structural barriers such as stagnant wage growth, high living costs, and limited access to affordable housing supply, which collectively weaken their ability to transition from rent to homeownership (Yaacob & Noor, 2023; Zaharin et al., 2026). Housing is not only an economic asset but also a socio-cultural milestone in Malaysia, where homeownership is strongly associated with financial stability and social status (Chua et al., 2026; Mohammad et al., 2024). However, the disconnect between aspirations and actual purchasing capability continues to widen, particularly among youth who are entering the housing market later and with greater financial uncertainty compared to previous generations (Konieczna, 2025; Mohamed Saraf et al., 2025).

Government efforts to address these challenges have included the introduction of affordable housing schemes, financial subsidies, tax incentives, and preferential loan policies aimed at enhancing accessibility for first-time homebuyers. Initiatives such as transit-oriented developments and micro-housing projects have also been proposed to cater specifically to urban youth housing needs (Abd Malek et al., 2024; Cheah, 2026). Despite these interventions, studies indicate that institutional and policy frameworks often fall short in addressing real affordability constraints due to issues such as bureaucratic complexity, mismatch between supply and demand, and limited awareness among target beneficiaries (Arham et al., 2025; Yaaco et al., 2025). Housing policies tend to emphasize supply-side solutions without fully incorporating behavioral and financial realities faced by young consumers, resulting in limited effectiveness in translating policy benefits into actual homeownership uptake (Saraf et al., 2025; Lai et al., 2025). This raises critical concerns regarding the alignment between policy design and the lived experiences of Malaysian youth in navigating the housing market.

Determinants of housing purchase intention among youth are multifaceted, involving economic, psychological, and environmental factors that shape decision-making processes. The theory of planned behavior and related behavioral models highlight the importance of perceived behavioral control, financial capability, and subjective norms in influencing purchase intentions (Islam, 2024; Alves, 2023). Empirical studies across different contexts consistently show that income level, housing cost, and location accessibility are among the most significant predictors of housing decisions, often outweighing policy-driven incentives (Barreto et al., 2024; Sam et al., 2025). Financial considerations such as loan accessibility, repayment burden, and risk perception further influence youth willingness to invest in real estate (Altaf & Shah, 2025; Thomas et al., 2023). Location-specific attributes, including proximity to employment, infrastructure, and amenities, also play a critical role in shaping preferences and perceived value (Lai et al., 2023; Mohamed Saraf et al., 2025). These findings suggest that youth decision-making is largely driven by practical affordability and lifestyle considerations rather than purely policy incentives or macroeconomic signals.

Emerging literature increasingly highlights the existence of a policy–behavior gap in the housing sector, where positive perceptions of government initiatives do not necessarily translate into actual purchase behavior. While policies may be viewed favorably at a conceptual level, their practical impact is often moderated by financial constraints, information asymmetry, and procedural challenges (Chua et al., 2026; Arham et al., 2025). Behavioral studies also indicate that young consumers tend to prioritize immediate financial feasibility over long-term policy benefits, particularly under conditions of economic uncertainty and rising cost of living (Pop et al., 2026; Sehra et al., 2024). In the Malaysian context, this gap is further exacerbated by structural mismatches between housing supply and youth preferences, as well as the complexity of navigating housing schemes and financing options (Sabri et al., 2025; Yaaco et al., 2025). The persistence of this disconnect underscores the need for an empirical examination of how policy effectiveness, affordability constraints, and behavioral intentions interact to shape homeownership outcomes among Malaysian youth.

Beyond its academic contribution, this study holds substantial practical significance for addressing one of Malaysia's most pressing socioeconomic challenges. Understanding the determinants of housing purchase intention among Malaysian youth is essential for designing housing policies that are not only economically viable but also behaviourally responsive. By examining the interplay between housing affordability, government policy effectiveness, and purchase intention, this study provides empirical evidence that can help identify whether existing interventions adequately address the financial realities and decision-making processes of young adults. Such evidence is particularly important in ensuring that public resources allocated to affordable housing initiatives generate meaningful outcomes in terms of homeownership rather than merely increasing housing supply.

The findings of this study are expected to benefit multiple stakeholders. For policymakers and government agencies, the results will provide valuable insights into improving housing policies by aligning affordability measures with the actual needs, financial capabilities, and behavioural preferences of Malaysian youth. Housing developers and financial institutions may also utilize the findings to develop housing products, financing schemes, and repayment structures that better reflect the purchasing capacity and lifestyle expectations of younger buyers. Furthermore, the study offers practical implications for urban planners and local authorities in creating sustainable residential developments that integrate accessibility, affordability, and quality of life, thereby supporting long-term urban sustainability and inclusive economic development.

From an academic perspective, this research contributes to the growing body of literature on housing affordability by integrating economic and behavioural perspectives within the Malaysian context. While previous studies have largely examined affordability or policy effectiveness independently, this study investigates how affordability constraints and perceptions of government policy collectively influence housing purchase intention among youth. The findings are expected to extend the application of behavioural decision-making theories in housing research while providing a contemporary empirical framework for future studies in emerging economies facing similar affordability challenges. Ultimately, the study seeks to bridge the gap between policy formulation and policy outcomes by generating evidence that supports more effective, targeted, and sustainable strategies to improve youth homeownership in Malaysia.

Literature Review

Underpinning Theories

The Technology Acceptance Model (TAM) provides a compelling theoretical lens for explaining behavioral intentions in housing decisions by emphasizing perceived usefulness and perceived ease of use as key determinants of individual acceptance and action, yet its application to real estate behavior among youth remains both promising and contested due to the complex, high-involvement nature of housing decisions compared to traditional technology contexts. TAM posits that individuals are more likely to adopt a system or make a decision when they perceive it as beneficial and manageable; however, in the housing context, these perceptions extend beyond digital interfaces to include financial systems, policy mechanisms, and institutional frameworks, thereby expanding the explanatory scope of TAM into socio-economic behavior. Evidence suggests that young consumers increasingly interact with property markets through digital platforms, financial tools, and policy-related mechanisms, making TAM relevant in understanding how perceived accessibility to housing information, financing schemes, and government policies influences purchase intention (James et al., 2024; Hamzah et al., 2026). Despite this theoretical adaptability, critics argue that TAM alone is insufficient in capturing the deeper structural and financial constraints that dominate housing decisions, particularly among Malaysian youth who face affordability pressures and institutional barriers (Arham et al., 2025; Yaacob & Noor, 2023).

Empirical studies have shown that while perceived usefulness, such as the benefits of homeownership or government incentives, can positively shape attitudes, these perceptions are often overridden by practical concerns such as income limitations and housing cost burdens, suggesting that TAM may overestimate the role of cognitive evaluation in contexts where economic constraints are binding (Barreto et al., 2024; Rangel et al., 2024). Extensions of TAM and integration with behavioral theories such as the Theory of Planned Behavior (TPB) and Knowledge, Attitude–Behavior (KAB) models have attempted to address these limitations by incorporating elements such as perceived behavioral control, social influence, and financial literacy, which are critical in housing decisions (Islam, 2024; Abdul Latip et al., 2026). Empirical evidence further strengthens this argument by demonstrating that perceived behavioral control significantly mediates the relationship between attitudes and actual purchase behavior, reinforcing the need to go beyond TAM's original constructs when analyzing high-stake decisions such as housing (Salleh et al., 2024). Studies on real estate purchase intention indicate that perceived ease of accessing loans, understanding housing policies, and navigating purchase procedures can significantly influence intention, indirectly support TAM's relevance while highlight the need for contextual adaptation (Reddy & Thanigan, 2023; Altaf & Shah, 2025).

TAM emphasizes its strength in explaining how perceptions of policy effectiveness and institutional support shape youth attitudes towards homeownership, particularly when housing schemes are simplified and made more transparent, thereby increasing perceived ease of use (Cheah, 2026; Abd Malek et al., 2024). In parallel, research in consumer behavior highlights that informational cues such as labelling and perceived clarity of product attributes can significantly shape behavioral responses, suggesting that the way housing policies and incentives are communicated may similarly influence perceived usefulness and adoption (Misron et al., 2025). Contrasting evidence, however, points out that even when policies are perceived as useful and accessible, they may fail to translate into actual behavior due to affordability constraints and mismatches between policy design and market realities, reinforcing the argument that TAM does not adequately address external constraints (Zaharin et al., 2026; Zulkarnain et al., 2025). Research on young consumers' behavior further demonstrates that perceived value and usability must be complemented by tangible economic feasibility, as individuals prioritize financial capability over perceived benefits in high-stake decisions such as property investment (Sam et al., 2025; Mohamed Saraf et al., 2025). This tension reflects a broader critique that TAM, while effective in explaining intention formation, may not fully account for intention–behavior gaps in housing markets, particularly under conditions of economic uncertainty and rising costs (Pop et al., 2026; Nakamura et al., 2026). The application of TAM in this study is justified not as a standalone theory but as a foundational framework that explains how youth perceptions of housing policies, financial systems, and market mechanisms influence their decision-making, while acknowledging that its predictive power is moderated by structural affordability constraints and socio-economic realities that extend beyond the traditional boundaries of technology acceptance theory.

Income and Homeownership Intention

Income plays a fundamental role in shaping homeownership decisions among youth, as it directly influences purchasing power, mortgage eligibility, and perceived financial stability. Higher income levels are consistently associated with stronger housing purchase intentions due to increased affordability and reduced financial risk (Rangel et al., 2024; Mohamed Saraf et al., 2025). Youth with stable income streams are more confident in committing to long-term financial obligations such as housing loans (Thomas et al., 2023; Altaf & Shah, 2025). Income not only determines access to credit but also affects perceptions of financial readiness for homeownership (Saraf et al., 2025; Yaacob & Noor, 2023). Studies show that limited income remains one of the primary barriers to entering the housing market in Malaysia (Arham et al., 2025; Ween, 2024). Income constraints often lead youth to delay homeownership or opt for renting instead (Yaaco et al., 2025; Mohamed Saraf et al., 2025). Financial capability also influences perceived behavioral control, which directly affects purchase intention (Salleh et al., 2024; Islam, 2024). Research further indicates that individuals with higher disposable income tend to prioritize property investment as a long-term asset (Barreto et al., 2024; Sam et al., 2025). Income inequality among youth intensifies disparities in housing access and ownership outcomes (Hed, 2026; Zaharin et al., 2026). Empirical findings suggest that income acts as both an enabling and limiting factor in housing decisions, depending on the level of financial stability (Lai et al., 2025; Zulkarnain et al., 2025). Behavioral perspectives highlight that perceived affordability derived from income significantly drives intention formation (Abdul Latip et al., 2026; Pop et al., 2026). Income also strengthens confidence in engaging with financial institutions and navigating loan processes (Reddy & Thanigan, 2023; Priyanka & Basri, 2025). The dominance of income in determining real estate decisions underscores its central role in understanding youth homeownership behavior (Saraf et al., 2025; Chua et al., 2026).

Hypothesis 1 (H1): *Income has a significant positive relationship with homeownership intention.*

Interest Rate and Homeownership Intention

Interest rates are traditionally viewed as a critical macroeconomic factor influencing housing affordability and financing decisions, particularly through their effect on mortgage costs.

Lower interest rates reduce borrowing costs and are generally expected to encourage homeownership by making loans more accessible (Sun et al., 2024; Senadjki et al., 2026). Conversely, higher interest rates increase monthly repayments and discourage potential buyers from entering the market (Thomas et al., 2023; Reddy & Thanigan, 2023). Despite this theoretical importance, emerging evidence suggests that interest rates may have a weaker direct influence on youth housing decisions compared to other financial factors (Sam et al., 2025; Mohamed Saraf et al., 2025). Youth often prioritize immediate affordability, such as income and housing prices, over fluctuating interest rates (Pop et al., 2026; Nakamura et al., 2026). Limited financial literacy among young buyers may reduce sensitivity to interest rate changes (Altaf & Shah, 2025; Yaacob & Noor, 2023). Behavioral studies indicate that perceived complexity in loan structures can weaken the effect of interest rates on decision-making (James et al., 2024; Hamzah et al., 2026). Interest rate expectations also influence psychological perceptions of future uncertainty, indirectly affecting intention (Priyanka & Basri, 2025; Sehra et al., 2024). Empirical findings reveal that youth often rely more on perceived affordability than macroeconomic indicators (Kian et al., 2026; Abdul Latip et al., 2026). In developing markets, structural constraints often overshadow the impact of interest rate movements (Arham et al., 2025; Zaharin et al., 2026). The role of interest rates may thus be mediated by financial capability and housing knowledge (Salleh et al., 2024; Yaaco et al., 2025). While theoretically significant, the practical influence of interest rates may vary depending on economic context and consumer awareness (Barreto et al., 2024; Konieczna, 2025). This inconsistency suggests that interest rates are not always a primary determinant of youth homeownership decisions (Chua et al., 2026; Sam et al., 2025).
Hypothesis 2 (H2)*: Interest rates have a significant relationship with homeownership intention.*

Housing Cost and Homeownership Intention
Housing cost is widely recognized as one of the most critical determinants of homeownership intention, particularly among youth facing affordability challenges. Rising property prices significantly reduce accessibility to housing and delay purchase decisions (Zulkarnain et al., 2025; Rangel et al., 2024). High housing costs increase the financial burden associated with down payments, mortgages, and maintenance expenses (Barreto et al., 2024; Sam et al., 2025). Empirical evidence consistently shows that housing affordability is a primary concern influencing youth decisions to buy property (Mohamed Saraf et al., 2025; Saraf et al., 2025). Increasing urban housing prices have widened the gap between income levels and property values (Zaharin et al., 2026; Cheah, 2026). Youth are often forced to compromise on housing quality or location due to cost constraints (Lai et al., 2025; Xin, 2024). Housing cost also affects perceived financial risk and long-term commitment associated with property ownership (Thomas et al., 2023; Pop et al., 2026). Studies indicate that affordability considerations outweigh policy incentives in influencing purchase decisions (Arham et al., 2025; Yaaco et al., 2025). High housing costs often discourage immediate purchase intentions and shift preferences towards renting (Yaacob & Noor, 2023; Saraf et al., 2025). Behavioral models suggest that affordability strongly shapes perceived behavioral control, influencing decision-making outcomes (Salleh et al., 2024; Islam, 2024). Youth are more likely to enter the housing market when property prices align with their financial capability (Chua et al., 2026; Ween, 2024). Housing cost also interacts with income to determine overall affordability and purchase feasibility (Rangel et al., 2024; Zulkarnain et al., 2025). The dominant role of housing

cost highlights its critical influence on youth homeownership intentions (Sam et al., 2025; Mohamed Saraf et al., 2025).

Hypothesis 3 (H3): *Housing cost has a significant positive relationship with homeownership intention.*

Location and Homeownership Intention

Location remains a crucial determinant of housing decisions as it directly affects accessibility, lifestyle preferences, and perceived property value. Proximity to employment centers significantly influences purchase intention due to time and cost considerations (Mohamed Saraf et al., 2025; Lai et al., 2023). Availability of amenities such as schools, healthcare, and retail outlets enhances the attractiveness of a property (Chua et al., 2026; Barreto et al., 2024). Infrastructure development and connectivity play a vital role in shaping location preferences (Cheah, 2026; Abd Malek et al., 2024). Youth often prioritize convenience and accessibility when selecting residential locations (Xin, 2024; Ween, 2024). Location also influences perceived long-term investment value of property (Sam et al., 2025; Konieczna, 2025). Urban areas tend to be more desirable but are often associated with higher costs (Zaharin et al., 2026; Zulkarnain et al., 2025). Trade-offs between affordability and location quality are common among young buyers (Arham et al., 2025; Yaaco et al., 2025). Location preferences are also shaped by social and cultural factors (Rafida et al., 2026; Chua et al., 2026). Accessibility to public transport is a significant factor influencing decision-making (Abd Malek et al., 2024; Cheah, 2026). Environmental quality and neighbourhood safety further impact housing choices (Lai et al., 2025; Sam et al., 2025). Empirical studies confirm that location significantly affects both intention and final decision outcomes (Barreto et al., 2024; Mohamed Saraf et al., 2025). The strong influence of location reflects its role in balancing both economic and lifestyle considerations (Chua et al., 2026; Zaharin et al., 2026).

Hypothesis 4 (H4): *Location has a significant positive relationship with homeownership intention.*

Government Incentives and Policy and Homeownership Intention

Government incentives and housing policies are designed to improve accessibility and affordability of housing, particularly for first-time buyers. Financial subsidies, tax incentives, and affordable housing schemes aim to reduce entry barriers for youth (Cheah, 2026; Arham et al., 2025). Policy interventions are expected to enhance perceived usefulness of homeownership and encourage purchase behavior (Abd Malek et al., 2024; Yaaco et al., 2025). However, empirical evidence suggests that the effectiveness of these policies in influencing actual behavior is mixed (Saraf et al., 2025; Mohamed Saraf et al., 2025). Complexity in application procedures and limited awareness reduce the impact of housing policies (Yaaco et al., 2025; Arham et al., 2025). Youth often perceive policies as beneficial in theory but difficult to access in practice (Zaharin et al., 2026; Cheah, 2026). Policy effectiveness is further constrained by affordability issues and mismatch between supply and demand (Rangel et al., 2024; Zulkarnain et al., 2025). Institutional inefficiencies can weaken trust in government initiatives (Chua et al., 2026; Saraf et al., 2025). Behavioral studies indicate that perceived ease of accessing policy benefits influences intention (Salleh et al., 2024; Misron et al., 2025). Government policies may also indirectly influence decision-making through increased awareness and perceived support (Mohammad et al., 2024; Islam, 2024). Despite these potential benefits, financial constraints often outweigh policy incentives in actual decision-making (Pop et al., 2026; Sam et al., 2025). Evidence suggests that the

relationship between policy and behavior is mediated by economic realities (Arham et al., 2025; Yaacob & Noor, 2023). The inconsistency between perceived and actual impact highlights the existence of a policy–behavior gap (Zaharin et al., 2026; Chua et al., 2026).
Hypothesis 5 (H5): *Government incentives and policies have a significant relationship with homeownership intention.*

Findings
The findings from the descriptive and regression analyses provide strong empirical evidence that Malaysian youth's real estate decision-making is primarily driven by practical affordability considerations rather than policy-driven or macroeconomic factors, reinforcing arguments in existing literature. Descriptive results show consistently high mean scores across key items, with housing-related perceptions such as market trends (mean = 4.23) and real estate as stable investment (mean = 4.21) reflecting a generally cautious yet informed outlook among respondents. However, the interpretation of these high mean scores indicates disagreement tendencies due to scale orientation, suggesting that youth may not strongly rely on speculative or external signals when making decisions. Moderate agreement for government initiatives (mean = 3.91) and socio-cultural influence (mean = 3.79) demonstrates that while these factors are acknowledged, they are not dominant. This aligns with prior studies showing that youth decision-making is increasingly grounded in economic rationality rather than normative or institutional influence (Chua et al., 2026; Mohamed Saraf et al., 2025). The relatively low variability for some constructs (e.g., SD = 0.915 for investment perception) suggests consistency in skepticism toward external drivers, reinforcing arguments that young buyers prioritize individual financial conditions over broader market narratives (Barreto et al., 2024; Sam et al., 2025). These descriptive insights establish an important foundation for understanding the subsequent regression results, particularly the dominance of affordability-related variables over policy-related ones.

The regression analysis provides stronger statistical confirmation of these patterns, with the model explaining 40.8% of the variance ($R^2 = 0.408$) in real estate decisions, indicating substantial explanatory power for behavioral research in this domain. The model is statistically significant ($F(5, 171) = 23.575$, $p < 0.001$), demonstrating that the selected predictors collectively influence decision-making among Malaysian youth. Among all variables, housing cost emerged as the most influential predictor ($\beta = 0.345$, $p < 0.001$), followed by income ($\beta = 0.258$, $p = 0.002$) and location ($\beta = 0.218$, $p = 0.011$). These findings strongly confirm that affordability constraints and spatial considerations dominate housing decisions, which is consistent with affordability-based models in housing literature (Rangel et al., 2024; Zulkarnain et al., 2025). The prominence of housing cost reflects the increasing financial burden associated with property ownership, particularly in urban areas where prices continue to outpace income growth (Zaharin et al., 2026; Cheah, 2026). Income significance further reinforces that financial capability remains a prerequisite for market entry, supporting the argument that perceived behavioral control and economic readiness are central to purchase intention (Salleh et al., 2024; Islam, 2024). Location significance highlights the importance of accessibility, infrastructure, and proximity to employment, which are consistently identified as critical decision factors in housing studies (Lai et al., 2025; Mohamed Saraf et al., 2025). These results collectively confirm that Malaysian youth adopt a rational, cost-sensitive approach when making housing decisions.

The insignificance of interest rate (β = -0.024, p = 0.741) and government incentives and policy (β = -0.033, p = 0.772) reveals a critical and highly argumentable finding of this study, namely the existence of a policy–behavior gap. Despite relatively high descriptive scores suggesting that youth perceive policy initiatives and financial conditions as relevant, these variables fail to exhibit any statistically significant influence on actual decision-making. This contradiction strongly challenges traditional assumptions that policy interventions and macroeconomic conditions directly shape housing behavior. The insignificance of interest rates suggests that youth may lack sensitivity to financial instruments or prioritize immediate affordability over long-term cost fluctuations, consistent with findings on limited financial literacy and behavioral simplification (Altaf & Shah, 2025; Pop et al., 2026). Similarly, the non-significant effect of government policies indicates that existing housing schemes may not effectively translate perceived benefits into actionable outcomes, possibly due to procedural complexity, accessibility issues, or mismatch with youth needs (Arham et al., 2025; Yaaco et al., 2025). This finding aligns with broader critiques that institutional frameworks often fail to address real-market constraints, resulting in low policy effectiveness despite high awareness (Chua et al., 2026; Saraf et al., 2025). The negative coefficients, although insignificant, further suggest potential dissatisfaction or disconnect between policy expectations and practical realities.

The overall findings strongly support a structural and behavioral interpretation of youth housing decisions, where financial constraints, rather than policy incentives, dictate outcomes. While the model explains a considerable portion of variance, the remaining 59.2% unexplained variance indicates the presence of additional behavioral, psychological, or contextual factors not captured in this study, such as risk perception, financial literacy, or market expectations. The dominance of housing cost as the strongest predictor confirms that affordability remains the single most critical issue in the Malaysian housing market, reinforcing arguments of a systemic imbalance between income levels and property prices (Rangel et al., 2024; Zaharin et al., 2026). The significance of income and location further underscores the importance of financial capability and spatial accessibility, while the insignificance of policy variables raises serious concerns about policy design, implementation, and effectiveness. These findings collectively suggest that current housing policies may be misaligned with the actual needs and behavioral patterns of Malaysian youth, highlighting the urgency for more targeted, accessible, and market-responsive interventions. The evidence also supports the argument that behavioral models such as TAM and TPB must be integrated with structural economic realities to fully explain housing decisions, as cognitive perceptions alone are insufficient when financial constraints dominate decision-making (Salleh et al., 2024; Abdul Latip et al., 2026).

Research Implications

The findings of this study carry important theoretical implications by reinforcing the relevance of integrating behavioral and economic perspectives in understanding housing decision-making among Malaysian youth. Traditional behavioral theories such as the Technology Acceptance Model (TAM) and Theory of Planned Behavior (TPB) emphasize perceptions, attitudes, and intentions as key drivers of decision-making, yet the present study suggests that these cognitive constructs alone are insufficient without considering structural constraints such as affordability and income capacity. The apparent disconnect between perceived usefulness of government policies and their actual influence on behavior indicates that perception-driven models must be extended to incorporate real-world financial limitations. This supports arguments in prior literature that behavioral intentions are often moderated by external constraints, particularly in high-involvement purchases such as housing (Salleh et al., 2024; Abdul Latip et al., 2026). The study therefore contributes to theory by highlighting the need for hybrid frameworks that combine behavioral insights with economic realities, offering a more robust explanation of homeownership intentions among youth populations (Islam, 2024; Mohammad et al., 2024).

Practical implications of the study are highly significant for policymakers, particularly in addressing the evident gap between housing policy design and youth behavioral outcomes. The results suggest that existing government initiatives, although positively perceived, may lack effectiveness due to issues related to accessibility, complexity, and misalignment with financial realities faced by young buyers. This implies that policymakers should move beyond generic policy instruments and focus on designing targeted, user-friendly programs that directly address affordability constraints. Simplification of application procedures, improved transparency, and enhanced dissemination of policy information are necessary to increase real-world utilization of housing schemes (Arham et al., 2025; Yaaco et al., 2025). The study also implies that policy effectiveness should not be measured solely by awareness or perception, but by actual behavioral outcomes, including successful homeownership transitions. Strengthening institutional coordination and aligning housing supply with youth preferences are equally critical to ensure that policy initiatives translate into tangible benefits (Cheah, 2026; Zaharin et al., 2026).

From an industry perspective, the findings provide valuable insights for property developers, financial institutions, and real estate stakeholders in tailoring their strategies to better match youth preferences and constraints. Developers should prioritize affordability-driven designs, flexible financing options, and strategic location planning to meet the practical needs of young buyers. Emphasis on accessible locations with strong infrastructure, employment connectivity, and essential amenities can significantly enhance property attractiveness among this segment (Lai et al., 2025; Mohamed Saraf et al., 2025). Financial institutions should also consider innovative lending solutions that accommodate varying income levels and reduce entry barriers for first-time buyers. The findings further suggest that reliance on macroeconomic indicators such as interest rate adjustments may not be sufficient to stimulate youth demand, indicating a need for more personalized and customer-centric financial products (Sam et al., 2025; Altaf & Shah, 2025). These industry-level adjustments can contribute to a more inclusive and responsive housing ecosystem.

The study also presents broader social implications by highlighting systemic challenges in achieving equitable homeownership opportunities among Malaysian youth. The dominance of affordability-related factors underscores the persistence of housing inequality and the widening gap between income levels and property prices, which may have long-term implications for social mobility and economic stability (Rangel et al., 2024; Yaacob & Noor, 2023). Failure to address these issues may result in prolonged dependence on rental markets, delayed family formation, and reduced financial security among younger generations. The limited effectiveness of policy interventions further suggests the need for a paradigm shift in housing governance, where youth engagement, participatory planning, and evidence-based policymaking become central components. Incorporating youth feedback into policy formulation and implementation can improve alignment between policy objectives and user needs, ultimately reducing the observed policy–behavior gap (Chua et al., 2026; Saraf et al., 2025). These implications emphasize that addressing youth housing challenges requires not only economic solutions but also institutional reform and inclusive policy design.

Conclusion

The findings of this study clearly demonstrate that real estate decisions among Malaysian youth are not merely influenced by perceptions or general attitudes but are strongly grounded in practical financial realities that shape their everyday lives. Factors such as housing cost, income level, and location consistently emerge as the most influential determinants, highlighting the importance of affordability and accessibility in the decision-making process. These findings suggest that young individuals are highly cautious when approaching the idea of homeownership, carefully assessing whether they can realistically sustain long-term financial commitments. Rising living costs, increasing property prices, and stagnant income growth have made it difficult for young people to confidently enter the housing market. This situation has led many young people to prioritize financial stability over aspirations of owning property. The results also indicate that youth are becoming more pragmatic, choosing options that align with their current financial conditions rather than future expectations. This behavior reflects a shift from idealistic investment thinking to a more survival-oriented decision-making approach. Financial limitations are therefore not just influencing but dominating the way young people perceive and approach housing decisions. These patterns collectively reinforce the idea that affordability is the central issue shaping housing behavior among Malaysian youth today.

One of the most significant insights of this study is the surprisingly limited influence of interest rates and government housing policies on actual decision-making behavior. Although these factors are often highlighted in theory and policy discussions, the findings show that they do not significantly affect whether youth decide to purchase property. Many young individuals may be aware of government incentives, financial subsidies, or housing schemes, but this awareness does not necessarily translate into real action. This suggests the presence of a clear disconnect between policy design and real-world application. Policies may appear beneficial on the surface, but practical challenges such as complex procedures, lack of transparency, and limited accessibility reduce their effectiveness. Young people may find it difficult to navigate application processes or may perceive the benefits as insufficient compared to the financial burden they face. This creates a sense of mistrust or indifference towards policy initiatives. As a result, youth tend to rely more on their own financial capacity rather than institutional support. These findings highlight an important gap between what policies aim to achieve and what young people actually experience. Addressing this gap is essential if policies are to become more impactful and relevant.

The study also provides valuable insight into the limitations of relying solely on behavioral theories to explain housing decisions among young people. While theories such as TAM and TPB are useful in understanding how perceptions and intentions are formed, they fail to fully capture the influence of real economic constraints. Positive attitudes towards homeownership do not necessarily lead to actual purchase behavior when financial barriers exist. Many young individuals may recognize the benefits of owning property but still choose not to proceed due to affordability concerns. This demonstrates that housing decisions are not purely psychological but are heavily influenced by economic realities. Behavioral intentions can easily be suppressed when financial risks are too high. This highlights the importance of considering both internal motivations and external constraints together. The interaction between perception, intention, and financial capability is crucial in understanding actual behavior. Without this integrated perspective, any explanation of housing decisions would remain incomplete. The findings therefore emphasize the need for more comprehensive frameworks that combine behavioral and economic factors.

The study ultimately reveals a broader and more concerning issue, which is the growing mismatch between housing policies and the real needs of Malaysian youth. Despite the presence of various initiatives aimed at improving homeownership, many young individuals still struggle to enter the property market. Financial barriers continue to be the most dominant obstacle, overshadowing the potential benefits of policy support. This suggests that existing policies may not be effectively addressing the root causes of housing inaccessibility. There is a clear need for more practical, targeted, and user-friendly approaches that directly tackle affordability challenges. Simplifying procedures, improving transparency, and aligning housing supply with youth preferences could significantly enhance policy effectiveness. The study also highlights the importance of understanding the lived experiences of young people when designing housing interventions. Without such understanding, policies risk becoming disconnected from the realities they aim to improve. Addressing this issue is crucial not only for increasing homeownership rates, but also for promoting long-term social and economic stability. These findings emphasize that meaningful progress can only be achieved when policies, financial realities, and youth needs are better aligned.

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