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Original Research Article

THE POWER OF PLACE: HOW LOCATION DRIVES RESIDENTIAL RENTAL PRICES IN KUALA LUMPUR EDUCATIONAL ZONES

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A b s t r a c t

This study investigates the factors influencing the rental value of residential properties near educational institutions in Kuala Lumpur, Malaysia, where rental prices have shown steady growth but vary significantly across different areas. The research focuses on the impact of locational attributes on rental values, examining key factors such as proximity to the central business district, public transportation access, environmental amenities, green spaces, safety, and neighbourhood services. Data was collected from approximately 300 students renting houses in these areas using a snowballing sampling method, which helped to reach participants through referrals, ensuring a relevant sample of renters in educational zones. The data was then analysed using SPSS, employing Descriptive analysis and Pearson correlation to assess the strength and significance of relationships between locational attributes and rental values. In conclusion, the results show that the proximity to educational center ($r=0.50$, $p<0.05$) and proximity to public transportation ($r=0.37$, $p<0.05$) statistically significant to the rental values, on the other hand, attribute of green urban areas ($r=-0.11$, $p>0.05$) shows no significant to the rental values. The study contributes to the existing literature by providing empirical evidence on the role of locational attributes in shaping rental values near educational institutions, helping bridge the knowledge gap in urban housing research. These results offer practical implications for property developers who can use these insights to develop a property which fix the demands and needs, property investors and owners, who can adjust the pricing strategies based on the demand for key location and also the policymakers who can incorporate these findings into urban planning and housing policies to enhance the rental market's sustainability in educational zones.

Keywords: rental values, locational attributes, residential property, educational zones, Kuala Lumpur

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1. INTRODUCTION

The demand for residential rental property is rising gradually lately, particularly in educational environments, which fuels intense competition in the rental property market. Therefore, it is necessary to have a comprehensive understanding of the different factors that impact on the rental values of the residential property. From the report The Edge Malaysia, which analyses over 70 thousand residential rental transactions between 2018 and quarter 2 of 2024, stated that the highest average rental achieved at RM 2863 in Kuala Lumpur. Location factors are recognized as an important determinant in the residential property market (Sani, Mohammed & Usman, 2023; Aluko, 2011).

Residential property rental value tends to be higher in distance to the Central Business District (CBD), which offers several leisure and social activities including shopping malls, sport facilities and different restaurants which can meet and satisfy the needs (Shen et al., 2018, Fernandez-Duran, 2011). Moreover, the level of accessibility such as infrastructure of road services, railway system or bridge construction and proximity to public transportation will affect significantly on the rental housing preferences for potential tenants who seek easier commutes (Rahman et al., 2021, Xie et al., 2020). Additionally, other key determinants influencing the rental values of residential property are proximity to green urban areas, safety level of neighbourhood as well as proximity to neighbourhood facilities, amenities and services (Rahman et al., 2021, Liebelt et al., 2019, Odubiyi et al., 2019, Brecard et al., 2018, Gluszak & Tanas, 2018) which can improve the housing desirability and tenant satisfaction. While traditional urban economic theories, such as Alonso's Bid-Rent Theory (1964) and Hedonic Pricing Models (Rosen, 1974), suggest that rental values are primarily determined by proximity to economic hubs and property characteristics, less attention has been given to the impact of locational attributes in educational zones.

Hence, an analysis of various locational attributes is vital to have a comprehensive understanding on rental value of residential property to determine the socio-cultural factors that impact on rental values. Furthermore, the demographic factors and financial level of an individual also will significantly affect the rental value of residential property in educational areas. A comprehensive understanding of these locational attributes can help the property owners to optimize their investments on residential property near the educational areas.

This article sought to examine the locational factors influencing the rental values of residential properties in educational zones. This study will initially identify the demographic parameters by examining the respondents' educational level, income level, whether they are renting a house for educational purposes, significance of every locational attribute. Finally, the research evaluates the five dimensions of locational qualities.

2. RESEARCH AREA AND METHODOLOGY

The study area, which is, Kuala Lumpur is the federal capital of Malaysia and is one of the most popular cities in Malaysia. It also serves as the country's Central Business District. Several Malaysian universities have attended notable global rankings, including University of Malaya, which is currently positioned 60th in the QS World University Rankings, along with others that have achieved even higher standings, such as Universiti Kebangsaan Malaysia, Universiti Sains Malaysia, Universiti Putra Malaysia, and Universiti Teknologi Malaysia.

The data is gathered by distributing a questionnaire to 300 selected respondents who are either willing to rent or currently renting a house near educational areas in Kuala Lumpur. The questionnaire survey is created using Google Forms and disseminated over social media platforms such as WhatsApp and Gmail. The questionnaire survey includes with 5 parts, which the first part is demographic section,

the second part is to collect the data which how many respondents are renting a house in Kuala Lumpur for educational purposes, the third and the forth part is about the types of renting house which are landed or non-landed and how much for the monthly rental, and lastly, the section for respondents to value the effect of locational attributes on rental value for residential property in Kuala Lumpur by using Likert Scale.

The respondents selected for the questionnaire were identified using the snowball sampling approach in the educational regions of Kuala Lumpur. This approach was chosen due to the difficulty in identifying students' tenants through random sampling methods, as no centralized database of student renters exists. Since students often find housing through networks rather than official listings, snowballing sampling method allowed researchers to reach relevant participants by relying on referrals from initial respondents. To mitigate these biases, the study ensured diverse entry points by starting with tenants from different universities and housing areas. Additionally, researchers set a maximum referral limit per respondent to prevent over-representation of a single group. Despite these precautions, the study acknowledges that findings may be influenced by the inherent limitations of non-probability sampling.

Descriptive analysis and Pearson Correlation Analysis were performed through the Statistical Package for Social Science (SPSS) to establish the impact of location on the rental values. The method is used due to its effectiveness in measuring the strength and direction of the linear relationship between locational attributes and rental values. The study aims to determine how strongly locational attributes influence the rental prices, making Pearson correlation an appropriate choice for quantifying these relationships. Also, to maintain the data integrity, several steps were taken to ensure that the dataset was free of missing or inconsistent values and that demographic data effectively provided context for the study results. Duplicate entries will be removed to prevent over-presentation. Through rigorous data processing and validation, the study ensured that results were reliable, representative and free from inconsistencies, strengthening the credibility of findings on rental values in Kuala Lumpur's educational zones.

A pilot study was conducted before the distribution of actual questionnaire survey to 300 respondents which used to test the validity and reliability of the instrument. The obtained result is 0.880 and this reliability result is considered acceptable. As the study only focused exclusively on rental properties near educational institutions in Kuala Lumpur, the findings may not be generalized to other areas in Malaysia, such as suburban or rural areas where rental dynamics, tenant preferences, and locational attributes may differ. Other cities such as Penang or Johor Bahru, which also have large student populations, may exhibit different rental trends due to variations in economic conditions, urban planning, and housing policies.

The location of the Federal Territory of Kuala Lumpur is highlighted in Figure 1. Kuala Lumpur is a vibrant metropolitan area with a range of residential, commercial, and educational facilities, making it an ideal location for studying the effect of locational attributes on rental values of residential properties. In the context of residential properties (pink portion) near educational institutions (red portion), this area provides a significant insight due to the proximity to the essential facilities such as transportation (yellow portion), green urban areas (light green portion), and commercial hubs (dark blue portion) that demanded from the residents. The concentration of these facilities can potentially influence the rental prices of residential properties. By analyzing these zones, the availability and quality of nearby facilities can directly impact on the rental values of residential properties, particularly around key educational zones in Kuala Lumpur.

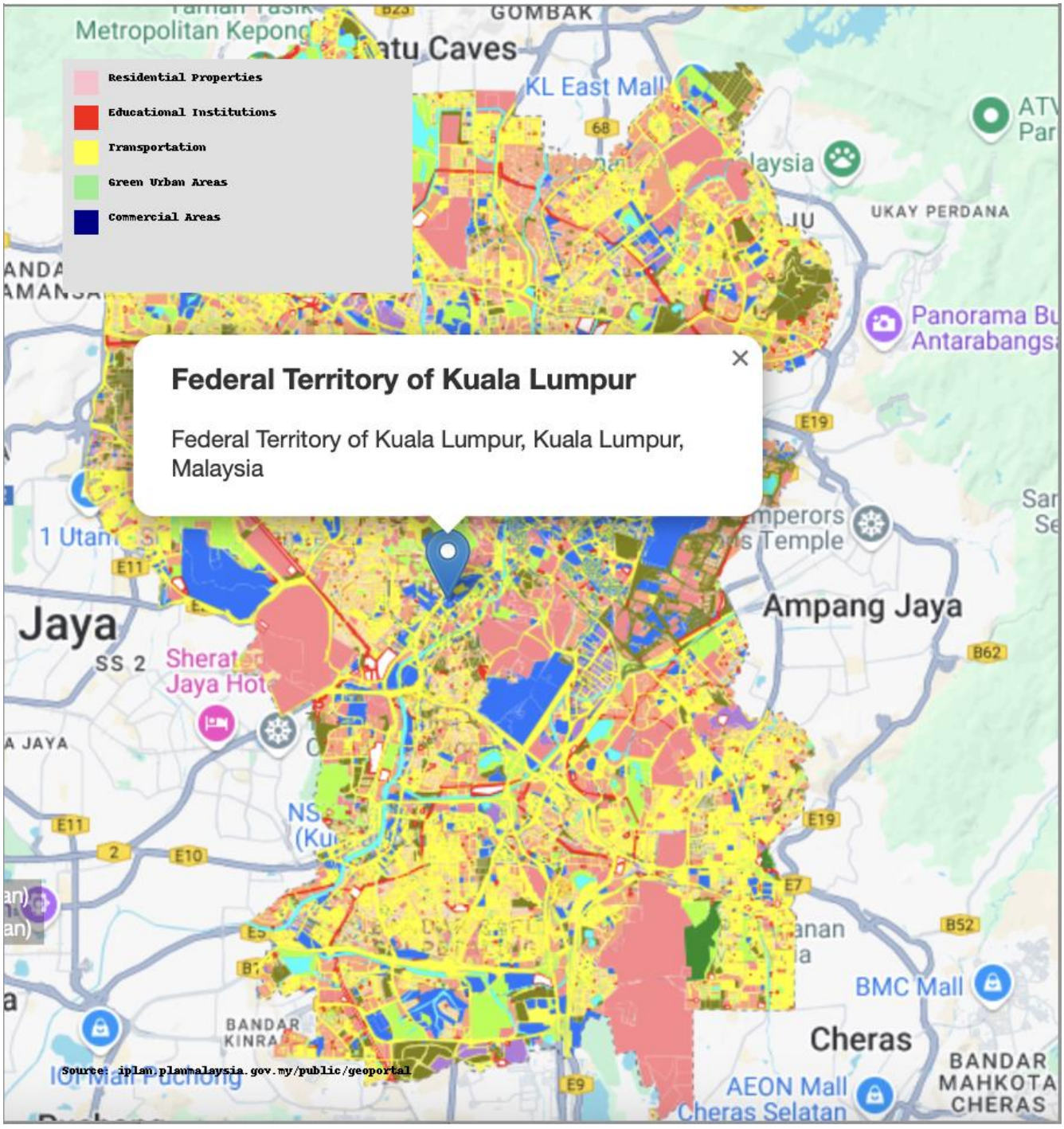

Fig. 1. Location of Kuala Lumpur

3. ANALYSIS AND DISCUSSIONS OF RESULTS

3.1. Respondents Background

Most respondents are female (60%), aged between 21 years old and 23 years old (51.7%) and pursing a bachelor's degree (88%). Among 300 respondents, 84% are renting a residence in Kuala Lumpur for educational purposes, with a predominant preference for non-landed properties (50.3%).

The rental range for landed houses between RM 3000 to RM 4000 constitutes the greatest percentage at 50.3%, and the rental below RM 1000 represent the lowest at 5.96%. In contrast, among non-landed houses like as condominiums, serviced apartments, and flats, 62 respondents reported renting at a monthly rate between RM 3000 to RM 4000, constituting the highest percentage at 41.6%. The lowest rentals range from RM 1000 to RM2000, accounting for 10.7%.

3.2. Effect of Locational Attributes on Rental Value of Residential Properties in Kuala Lumpur Educational Areas

This paper investigated a number of locational factors (see Table 1). The factors encompass job opportunities, concentration of commercial activities, accessibility, transportation, green urban areas, low pollution areas, crime level of neighbourhood, security level of neighbourhood, safety level of neighbourhood, proximity to healthcare centre, proximity to educational centre, proximity to recreational and leisure activity, proximity to transportation hub as well as water supply, electricity supply, other facility and services.

Table 1. The five main locational variables

Variables	Min	Max	Mean	Remark
1. Distance to Central Business District				
Job Opportunities	1.00	5.00	3.73 (12)	Agree
Concentration of Commercial Activities	1.00	5.00	4.33 (4)	Strongly Agree
2. Accessibility and Transportation				
Accessibility	1.00	5.00	3.97 (8)	Agree
Transportation	1.00	5.00	4.32 (5)	Strongly Agree
3. Environmental Amenities, Green Urban Areas and Landscape				
Green Urban Areas	1.00	5.00	2.94 (15)	Neutral
Low Pollution Areas	1.00	5.00	3.37 (14)	Neutral
4. Safety Level of Neighbourhood				
Crime Level of Neighbourhood	1.00	5.00	3.83 (10)	Agree
Security Level of Neighbourhood	1.00	5.00	3.80 (11)	Agree
Safety Level of Neighbourhood	1.00	5.00	3.84 (9)	Agree
5. Neighbourhood Facilties, Amenities and Services				
Proximity to Healthcare Center	1.00	5.00	3.64 (13)	Agree
Proximity to Educational Center	1.00	5.00	4.50 (1)	Strongly Agree
Proximity to Recreational and Leisure Activity	1.00	5.00	4.27 (6)	Strongly Agree

Proximity to Commercial Center	1.00	5.00	4.42 (3)	Strongly Agree
Proximity to Transportation Hub	1.00	5.00	4.45 (2)	Strongly Agree
Water Supply, Electricity Supply, other Facility and Services	1.00	5.00	4.06 (7)	Agree

These locational attributes are vital in selecting a house for rental purposes in educational areas. Table 2 shows the summary on mean analysis for five dimensions of locational attributes.

Table 2. The results of mean analysis on effect of locational attributes on rental value

Dimension	Sum	Mean	Remark	Rank
Distance to Central Business District	1208.50	4.0283	Agree	3
Accessibility and Transportation	1243.00	4.1433	Agree	2
Environmental Amenities, Green Urban Areas and Landscape	945.50	3.1517	Neutral	5
Safety Level of Neighbourhood	1147.00	3.8233	Agree	4
Neighbourhood Facilities, Amenities and Services	1266.67	4.2222	Strongly Agree	1

Refer to Table 2, proximity to the educational centre yields the highest mean score (4.50). This finding supports Zhong et al. (2018) who claimed that the houses closer to the university attract a greater student population and experience increased demand. Students prioritize living closer to their universities to minimize their travel time and costs, making this attribute a primary driver in rental decisions. The second ranking is obtained by the factor of proximity to transportation hubs with a mean score of 4.45. Also, the transportation factor obtains a fifth ranking with a mean score of 4.32. Accessibility to public transportation such as Light Rail Transit (LRT) stations, Mass Rapid Transit (MRT) stations and railway stations is crucial. This assertion is corroborated by Pan et al. (2014) and Alan Tong (2010), who argued that houses in prime locations near transportation hubs tend to have increased demand and higher rental rates due to their ease of access to various destinations.

Proximity to commercial hubs is ranked at third with the mean score 4.42 and followed by the fourth ranking of the factor which is the concentration of commercial activity with the mean score of 4.33. Typically, individuals are drawn to residential properties located near the shopping convenience (Matthews, 2006). McCormack et al. (2006) and Bull et al. (2001) asserted that residential properties located near to recreational areas such as green parks and gardens, beaches, sport halls and so on will tend to have a higher demand, and command higher rental prices. Consequently, proximity to recreational and leisure activities is placed at sixth with the mean score of 4.27.

The factor of water supply, electricity supply, other facilities and services is ranked at seventh with the mean score of 4.06. This is followed by the eighth-ranked factor of accessibility, which has a mean score of 3.97. Safety level, crime level and security level of neighbourhood which achieve the ninth, tenth and eleventh rankings with their mean scores of 3.84, 3.83 and 3.80 respectively. Additionally, the twelfth and thirteenth ranking with the mean scores of 3.73 and 3.64 are the factors of job opportunities and proximity to healthcare centres. The factors of low pollution areas and green urban areas achieve a lower mean score which are 3.37 and 2.94 which may due to the lack of awareness among respondents regarding the long-term benefits of a green environment.

In a nutshell, these fifteen locational attributes will be synthesized into five dimensions which are distance to CBD, accessibility and transportation, environmental amenities, green urban areas and landscape, safety level of neighbourhood and lastly, neighbourhood facilities, amenities and services. The mean analysis across these five dimensions is tabulated in Table 2. The first ranking is neighbourhood facilities, amenities and services with the mean score of 4.22. Most people are willing to rent a house which provides better facilities and services to improve their living standard (Brecard et al., 2018). The second and third ranking are accessibility and transportation and distance to CBD with the mean score of 4.14 and 4.02 respectively. The fourth ranking is the safety level of the neighbourhood with a mean score of 3.82, while the lowest ranking attribute is environmental amenities, green urban areas and landscape with the mean score of 3.15.

3.3. Relationship between Locational Attributes and Rental Value of Residential Property in Kuala Lumpur Educational Areas

A further analysis of the relationship between locational attributes and rental value of residential property in Kuala Lumpur educational areas was carried out using Pearson Correlation. Oloke et al. (2021) employed the Pearson correlation coefficient to ascertain the extent of the association between significant factors and rental value, revealing a rather strong positive correlation between the two.

Table 3 illustrates the relationship between each locational attribute and rental value of the residential property. Distance to central business district, accessibility and transportation as well as neighbourhood facilities, amenities and services are statistically significant in relation to the rental values of both landed and non-landed houses. The attribute of distance to the central business area has a correlation coefficient of r= 0.225 for landed houses and r=0.310 for non-landed houses, and it is statistically significant at $p< .05$. The accessibility and transportation attributes exhibit r= 0.361 and r= 0.370 for landed houses and non-landed houses respectively. The attribute of neighbourhood facilities, amenities and services shows a stronger relationship with rental value which is r= 0.372 and r= 0.507 for landed houses and non-landed houses. On the other hand, the attributes of environmental amenities, green urban areas, and landscape (r= -0.113, r= -0.047) and safety level of neighbourhood (r= 0.094, r= 0.152) attributes show no significant relationship with the rental value of residential properties. Table 3 illustrates the relationship between each locational attributes and rental values.

Table 3. The relationship between locational attributes and rental values

Monthly Rental	Distance to Central Business District	
	Pearson Correlation	Sig. (2-tailed)
Landed House	0.225	0.006
Non-landed House	0.310	0.000
Monthly Rental	Accessibility and Transportation	
	Pearson Correlation	Sig. (2-tailed)
Landed House	0.361	0.000
Non-landed House	0.370	0.000
Monthly Rental	Environmental Amenities, Green Urban Areas and Landscape	
	Pearson Correlation	Sig. (2-tailed)
Landed House	-0.113	0.166
Non-landed House	-0.047	0.571
Monthly Rental	Safety Level of Neighbourhood	
	Pearson Correlation	Sig. (2-tailed)
Landed House	0.094	0.252
Non-landed House	0.152	0.064
Monthly Rental	Neighbourhood Facilities, Amenities and Services	
	Pearson Correlation	Sig. (2-tailed)
Landed House	0.372	0.000
Non-landed House	0.507	0.000

The findings are corroborated by the studies of Darfo-Oduro (2020), Brecard et al. (2018), Gaulu (2015), Teulings et al. (2014), Singh (2013) which Darrfo-Oduro (2020) and Gaulu (2015) indicated that individuals are inclined to pay for higher rents for properties in proximity to the CBD, as these locations are associated with extensive development that enhances living standards. Teulings et al. (2014) asserted that residential properties with convenient access to transport hubs are likely to possess higher rental values, as residents benefit from efficient accessibility to educational institutions; Singh (2013) elucidated that individuals often overlook neighbourhood safety, recognizing that even substantial investments in secured properties do not guarantee security.

Since this study focuses exclusively on rental properties near educational institutions in Kuala Lumpur, its findings may not be directly applicable to other regions in Malaysia, such as suburban or rural areas, where rental market dynamics, tenant preferences, and locational attributes may vary significantly. The rental landscape in less urbanized areas is often shaped by different factors, including lower population density, limited access to public transportation, and varying levels of demand for rental housing. Additionally, major cities like Penang and Johor Bahru, which also have sizable student populations, may exhibit distinct rental trends influenced by economic conditions, urban development strategies, and housing regulations specific to their local contexts. Differences in government incentives, real estate market maturity, and affordability concerns could further impact how rental values are determined in these cities. Therefore, while the study provides valuable insights into Kuala Lumpur's rental market, further research is necessary to explore whether similar patterns hold in other urban and non-urban settings across Malaysia.

4. CONCLUSION

In conclusion, the findings indicate a substantial correlation between specific locational characteristics and the rental value of residential properties in educational areas on Kuala Lumpur. These features significantly impact rental values, primarily due to proximity to educational institutions, accessibility to public transit, and the availability of amenities that serve student and faculty requirements. Proximity to educational institutions, accessibility to public transit, and the availability of amenities tailored to student and faculty needs are the primary factors influencing rental values. However, not all locational attributes were statistically significant, suggesting that some features, such as green urban areas, may have limited influence in this context. This could be attributed to low awareness of the benefits of a green environment among tenants or a lack of green infrastructure in the study area. Nonetheless, the study reveals that not all locational features possess statistical significance, indicating that certain factors may exert a limited or negligible influence on rental values in this context.

Despite its contributions, this study has certain limitations. The use of snowball sampling may introduce selection bias, as respondents were identified through referrals, limiting the randomness of the sample. Additionally, the study focuses solely on Kuala Lumpur, which may not reflect trends in other Malaysian cities or Southeast Asian urban property markets. Furthermore, social and cultural attributes—such as community engagement, lifestyle preferences, or perceptions of neighborhood prestige—were not considered, even though they could play a role in rental decisions. Future research should address these limitations by employing stratified random sampling to ensure broader representation, expanding the study to other regions, and using multivariate regression analysis to assess the relative contribution of each locational factor.

This research contributes to the literature on the relationship between location attributes and rental markets, particularly in educational zones in rapidly urbanizing Southeast Asia. Unlike previous studies that focus primarily on Western cities, this study highlights the unique dynamics of an emerging property market where student housing demand is rising due to urban expansion and increased university enrolments. The results highlight the significant influence of particular locational characteristics on rental values in educational districts, underscoring the necessity for stakeholders, such as property developers who should prioritize residential developments near educational institutions and public transportation to maximize rental demand, policymakers who should introduce regulations that encourage sustainable and environmentally friendly housing in educational districts, raising awareness of green living benefits among tenants, and urban planners who have to optimize transit networks and improve public spaces in educational zones to enhance the area's attractiveness for student renters, to take these elements into account when evaluating of strategizing for residential properties in the regions.

Additionally, future research could explore the impact of emerging trends, such as co-living spaces or smart housing technologies, on rental preferences in student-dominated areas. In conclusion, this study underscores the critical role of locational attributes in shaping rental values in educational zones and provides actionable insights for property market stakeholders in Kuala Lumpur and beyond.

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