

A National Research Centre for the Malaysian Real Estate Industry?

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Introduction

For centuries, people have been making decisions based on observations or mere gut feelings. However, today's business decision-makings are growing out of the trend of gut feelings or the chart-and-table presentations. Due to the increased risks and uncertainties in the business circles where global exposures are high, sophisticated analytical tools are now the order of the day.

In general, these tools involve specific research procedures to come about with inferences. In businesses, researchers now employ scientific approaches in search for insights and not merely exploring possible solutions. Taking the real estate industry as an example, the Risk-Return Analysis may be employed to explore the risks and returns from investments in shares compared to investments in real estates; predictive indicators may be developed to assist in gauging the future performances of the different sectors of the real estate industry; statistical models may be developed to forecast the demands towards sub-sectors or selective sectors of the real estate.

In countries with developed economies such as the United States of America, the United Kingdom and Australia, scientific research in the real estate sector is well-developed. In Malaysia there has been an

awakening of this trend in recent years. However, researches undertaken in the real estate industry are subjected to requirements of the various research agencies and are therefore not focused and coordinated towards the needs of the nation's real estate industry.

It is therefore timely for the nation to have a central body to coordinate our research needs in the real estate sector for the benefit of the whole real estate industry. This paper aims to explore the preparedness and adequacy of several research providers as potential candidates for the role of a national research centre. It also intends to identify the most viable real estate research provider for coordinating real estate research needs for the country.

The Research Process

Before going any further, it is pertinent to ask what the components of a research process are.

'Research' is a word used often in our daily life as well as in publications and write-ups. However, it is rarely defined. In dictionaries, 'research' is defined as:

- 'The systematic investigation into and study of materials, sources, etc, in order to establish facts and reach new conclusions; an endeavour to

discover new or collate old facts, etc., by the scientific study of a subject or by a course of critical investigation.'

- 'Organised scientific investigation to solve problems, test hypotheses, or develop or invent new products.'
- 'Systematic investigation towards increasing the sum of knowledge.'

These definitions suggest that data or materials are transformed into useful knowledge through a systematic or organised or scientific process. Data by themselves are of no use to the industry practitioners unless they serve as relevant information for decision-making in a problem situation. The information is then turned into facts to support a decision and the facts are eventually turned into knowledge to assist a successful decision-making by the industry practitioners.

'Research' thus connotes the analyses of appropriate data through a systematic or organised or scientific process to achieve end results that are useful to industry practitioners in making decisions or predictions that will boost their competitive edge.

It will therefore mean that in a research process, there need to be present appropriate data, the analysts or researchers to turn these data into useful knowledge using the appropriate analysis tools and finally the industry practitioners to utilise the knowledge.

Characteristics of a Real Estate Research Centre

The research process therefore spells out two basic needs for carrying out any research, namely the data and the researchers.

It is imperative that the data be adequate and valid, and are obtained from reliable sources. It is an advantage if these data are also easily gathered. A research provider with historical data or who knows the sources of data has an advantage over one without.

The human element in the research process is the researchers. Ideally, these are the people who are able to specify the research question(s) according to the needs of the industry practitioners. They are responsible for the design of the experiment to be carried out, plan the logistics for the data collection process so that the research process is completed on a timely basis, identify the various statistical tools available but specific to the types of analyses so as to be able to draw inferences and interpretations from these results to enable the industry practitioners to use in their predictions or decision-makings. As research problems are wide and varied, a research centre may not possess all the required expertise. However, the ability to network is a great advantage in this situation.

Besides the two basic needs stated above, a research centre in real estate on a national basis should also be a body that has the recognition of being credible and authoritative in the eyes of the industry practitioners and the various government agencies, both domestically and internationally.

The Candidate

In the Malaysian scenario, research providers in real estate are few.

Within the academic circle, the academic researchers are deficient in data and lack the industry knowledge to formulate good research questions and ultimately to come

out with useful knowledge for the industry practitioners to utilise. They usually carry out research as partial fulfillment of their job specifications and therefore research results are for internal consumptions.

In the real estate industry of Malaysia, even though the industry practitioners may have research houses, they are rarely equipped with analysts or researchers who are well versed with the research process and the research techniques. They may be rich in the data needed for research but these data are usually not extensive. Furthermore, there are not many real estate organisations with research arms. These industry practitioners are not fully aware of the usefulness of well carried out researches. Consequently real estate researches by the real estate practitioners are very elementary or are handled by consultants who are not equipped with adequate knowledge of the real estate industry. As researches carried out are tailored to the specific requests of their clients the research results are of limited use and do not carry weight in the overall real estate industry.

From the government sector, the authority in valuation and services in real estate rests with the Department of Valuation and Property Services of the Ministry of Finance. Since 1985, this department has been carrying out training programmes in human resource as well as research in relation to the real estate sector.

The Department of Valuation and Property Services possesses an edge over the academic researchers, as its staff comprises real estate professionals and sub-professionals. As such, besides knowledge of the industry, research skill is present, a plus point over the industry research providers. Historical data are abundant in this department, and had since been put into good use for the good of the industry by way of well-received and recognized publications. This department also has an

on-going programme to train its staff in the various aspects of the real estate industry. Added to this is the availability of physical infrastructure in the form of premises, and software and hardware to undertake research.

Conclusion

From the foregoing, it is clear that the role of a central body to coordinate research needs of the real estate sector for the benefit of the whole real estate industry can easily be filled by the Department of Valuation and Property Services, a research provider that possesses the required data, professionals and credibility to execute the tasks as a national real estate centre efficiently.

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