



# Journal of Advanced Research in Applied Sciences and Engineering Technology

Journal homepage:  
[https://semarakilmu.com.my/journals/index.php/applied\\_sciences\\_eng\\_tech/index](https://semarakilmu.com.my/journals/index.php/applied_sciences_eng_tech/index)  
ISSN: 2462-1943



## Factors Influencing Housing Developers' Decisions in the Development of Gated and Guarded Housings

Ainur Zaireen Zainudin<sup>1,\*</sup>, Azizah Ismail<sup>1</sup>, Nur Berahim<sup>1</sup>

<sup>1</sup> Faculty of Built Environment and Surveying, Universiti Teknologi Malaysia, Johor Bahru, Johor, Malaysia

### ARTICLE INFO

#### Article history:

Received 27 November 2026  
Received in revised form 20 February 2026  
Accepted 15 April 2026  
Available online 4 May 2026

#### Keywords:

guarded neighborhood, gated community, housing developer, development process, market preferences

### ABSTRACT

Guarded neighbourhood and gated community are two forms of gated and guarded housing that emerged in Malaysia's housing market. Although both appear similar physically, but the latter has been the result of various legal and planning issues brought by the development of guarded neighbourhood in the country. Unlike guarded neighbourhood, the development and management of gated community are well governed by the strata laws. However, it does not affect housing developers' interest towards guarded neighbourhood until now. Therefore, this paper aims to investigate the reasons why housing developers have still opted for guarded neighbourhood. Qualitative approach has been used based on the agency model framework in order to elicit housing developers' decision on their final property product. Housing developers have been interviewed and have been mainly analyzed descriptively. As a result, it is found guarded neighbourhood have been chosen due to developers' interest and understandings towards the risks and rewards of guarded neighbourhood development process and market preferences. However, the security features and services of a guarded neighbourhood are provided for temporary use depending on residents' ability to sustain them. It shows that housing developers actually have short-term interest on the type of gated and guarded housing they built as long as they can achieve their economic interest once the physical development is completed despite the economic burden that the residents have to bear afterwards.

## 1. Introduction

Gated and guarded housings are usually called as 'gated community' referring to its common physical features around the world which are surrounded by guarded wall or fence. Even though the idea of gated community was claimed to have been started even earlier than the Roman and Greek era, gated community nowadays has been marketed totally as a new product brought by the housing developers as a result of a specific submarket that demands for safer living environment especially by people who live in the cities [1].

Gates and security services in gated and guarded housings have significantly created clearer identity of the property products resulted by developers' behaviour in competing with each other to

\* Corresponding author.

E-mail address: [ainurzaireen@utm.my](mailto:ainurzaireen@utm.my)

<https://doi.org/10.37934/araset.59.5.18>

win the market. Developers will use their creativity through home design and land planning approach in housing development to distinguish their products from their competitors [2]. Therefore, gated communities now appear in various forms and functions. In the United States alone, we could find three kinds of gated community namely the Lifestyle, Prestige and Security-zone Communities that have been created for different living tastes and needs [1].

Competition among housing developers has led this form of housing trend to widely expand in many places around the globe too. Ritche and Goetz [3] stated that the relationship between the competition among housing developers and spatial distribution of gated community can be explained through the 'agglomeration economy theory'. They explained that this theory is about the process of clustering similar economy, social, cultural and governmental activities in a given location. In the case of gated community, the gates and walls may become the means of product differentiation and other developers' building in the same area would follow the trend. By this way, gated community may rapidly expand especially when the developers of the area are targeting for the same market segment.

Product differentiation through gated community development has become a great opportunity for developers to gain profit as gated community is seen to be able to bring additional revenues to developers [4]. Although without other facilities, the property value could be enhanced only by putting up the perimeter fencing surrounding a housing [5]. However, Blakely and Snyder [1] contended that gated community is not necessarily conferring to a premium on housing prices but promises faster sales; therefore, brings quicker turnover to developers [1,6]. This advantage may favor housing developers especially when the land price is high.

Uniquely in Malaysia, gated and guarded housings may be further differentiated by the type of the property ownership. It was resulted by the land and planning issues that were underpinning the development of this housing during its early emergence in the country [7]. Initially, this housing was known as 'gated community schemes' (GACOS). GACOS was described as a cluster of houses (landed properties) surrounded by perimeter fencing or any enclosure with access that controlled by certain measures or restrictions such as guardhouses, ropes, strings, boom gates, chains or blocks which normally includes 24-hour security, guard patrols, central monitoring systems and closed-circuit televisions [8]. It was built by private housing developers following the housing development procedures used for non-gated landed residential housing schemes as provisioned by the National Land Code 1965 [9] and other related laws and regulations. Hence, the landed residential properties inside GACOS had all been held under individual land ownership with various conflicting situations. Nevertheless, this practice has eventually led to a series of policy transformation at federal and state level [7] for proper establishment of gated and guarded housing in Malaysia.

The main policy transformation was made by amending the Act 318 [10]; whereby, it has enabled the landed residential properties in GACOS to be held under strata ownership beginning year 2007. Accordingly in 2010, PLANMalaysia as the planning authority in the country, through its Planning Guideline for Gated Community and Guarded Neighbourhood Development (PGGCGN 2010), has officially defined 'gated community' as the gated and guarded housing that held under strata ownership. Under the same guideline, PLANMalaysia has also permitted the development of GACOS that held under individual land ownership, which has been named as 'guarded neighbourhood'. However, while the management of gated community is legally and properly guided by Act 757 [11], the managerial matters in the post-development of guarded neighbourhood are still executed in uncertainties. Yet, this issue has never stopped the growth of guarded neighbourhood in the country until today.

Therefore, this paper aims to explain the reasons why housing developers have still opted for guarded neighbourhood instead of gated community, based on the findings from selected case

studies. This paper is organized in four parts: (1) we first review the issues that underpinning guarded neighbourhood in Malaysia; (2) we then present the methods used in conducting the case studies; (3) we analyze and discuss the findings, and finally (4) we present the conclusions about the factors that have been influencing housing developers' decision on the subject matter.

### *1.1 Guarded Neighborhood: The Issues*

Before GACOS was officially categorized as guarded neighbourhood, it had been regarded as illegal gated and guarded housing development in Malaysia. This was primarily because there was no legislation that could specifically be used by housing developers to develop GACOS with landed residential properties, but to use the same procedures of non-gated housing development as provisioned by the National Land Code 1965 and other related laws. In Malaysia, housing developers who build up non-strata housing scheme are obliged to surrender certain areas in the development to the respective authorities to be reserved for public use. These areas include the roads, green spaces and other amenities identified earlier in planning permission approval.

This was where the problems arise. Commonly, GACOS have been built with perimeter fencing and guarded gates that would limit public access. By right, everyone including the non-residents has the freedom to use the access and amenities inside GACOS at any time because the access and amenities were provided for public use. In fact, it is an offence under Section 46 of Street, Drainage & Building Act 1974 [12] for installing physical barriers such as boom-gate on public streets like what GACOS did. Furthermore, public amenities are to be managed by the respective authorities. In the case of GACOS where this responsibility has been given to the residents by developers, thus it was claimed that GACOS has doubled the residents' financial burden [13, 14].

With the enforcement of PGGCGN 2010, a guarded neighbourhood could not build any obstruction on the public road. However, the installation of perimeter fencing surrounding a guarded neighbourhood is still tolerated by local authorities [7]. Permit for perimeter fencing can be applied from local authority and to be issued on temporary basis. Without the permit or failure in the renewal of the permit would make the fences to remain as illegal physical features. In addition, guarded neighbourhood is also allowed to have a guard post of approved size and must be located on the road shoulder. Temporary Occupation Licence (TOL) for guard post must be applied from the land office if the guard post is intended to be erected with permanent structure. Nevertheless, any entry and exit restrictions for public are not allowed to be enforced in any guarded neighbourhood.

In Malaysia, the management of gated community is executed mainly in accordance with the provisions under Act 757. Therefore, all its managerial matters are properly guided by the government through this law. Guarded neighbourhood on the other hand is not governed under the same law as the houses within are not strata properties. PGGCGN 2010 only provides that any establishment of guarded neighbourhood in the country must be accompanied with registered residents' association. But, the role of the residents' associations in the guarded neighbourhood has not been clearly defined [15]. This situation has led the developers to enforce the managerial regulations in various ways. The managerial regulations are usually set up through a supplementary agreement (usually the Deed of Mutual Covenant) signed between a developer with a home buyer in the event of signing the sale and purchase agreement [7]. This practice is actually a guarantee made by the developers to local authorities to take the responsibilities to manage and maintain the public amenities in guarded neighbourhood. The local authorities argued that guarded neighbourhoods are largely equipped with high-class public amenities. This factor has made the local authority itself refused to take full control of such public amenities due to their financial constraints. Since there is no single guideline provided by the government that can be found in establishing the

operational or managerial setup for guarded neighbourhood, thus it has given the developers the freedom to create the setup as they preferred.

Zainudin and Hussin [16] describe that the managerial setup in guarded neighbourhood usually includes the developer's service period, the 'house rules' that covers the 'do's and don'ts' for the residents to adhere to, the management and maintenance of the public spaces within the neighbourhood, the collection of maintenance or service fees, and the handover of the managerial matters to the residents' associations when the developer's service period ends. The service fees also include the payment for the fence and guard post permits to be paid to the local authorities.

In the absence of government's direct control over guarded neighbourhood and due to the inconsistency of the managerial set up by the developers, previous studies found that this housing encounters various managerial and social issues. Since the establishment of a guarded neighbourhood does not require for comprehensive agreement by the residents, thus residents' participation in the managerial matters was not encouraging [15,17]. Issues like free-riders and unreasonable charge of fee also frequently raised by the residents [17]. Eventually, the residents' association would have financial restraint to manage and maintain the guarded neighbourhood [18].

## **2. Methodology**

Ainur Zaireen et. al. [19] suggested that the Agency Model should be the appropriate methodological framework to be used to study the behaviour of a specific actor in a development process, including the housing developers. In housing developments, developers are the central actor that integrate all the development inputs in influencing the end product [4, 16, 20]. Based on Agency Model framework, developers' decisions are guided by their interests and understandings towards the internal and external factors of development process. Maziah [21] further explained that under the agency model framework, if a certain project is too risky or beset with problems, the degree to which the developers need to become involved in a project depends very much on the substitutes available for them. With short term interest in product, thus developers would undertake various strategies in dealing with risks and rewards. Therefore, case studies have been conducted by interviewing the respective developers in order to elicit their decision on choosing to develop guarded neighborhood over gated community. In specific, the interviews were conducted to identify the developers' interest and understandings in developing the guarded neighborhood. 12 developers that involved in the development of guarded neighborhood in Johor had agreed to participate in the interview. The interviewed developers were coded as D1 to D12 for easy reference during the process of data analysis. Collected data was then analyzed mainly using descriptive analysis method.

## **3. Results and Discussion**

In the interviews, the developers were firstly asked the reasons behind their involvement in guarded neighborhood development. This question is purposely to elicit the developers' actual interest towards this kind of housing development. From the analysis, it was found that there are three main reasons or factors that drive the developers to involve:

- i. to become pioneer;
- ii. to be different than other developers; and,
- iii. to fulfil the current market demand.

As stated by the developers, it is very important for developers to become pioneer in housing development for quicker turn over. That is their business strategy to win the housing market and gain

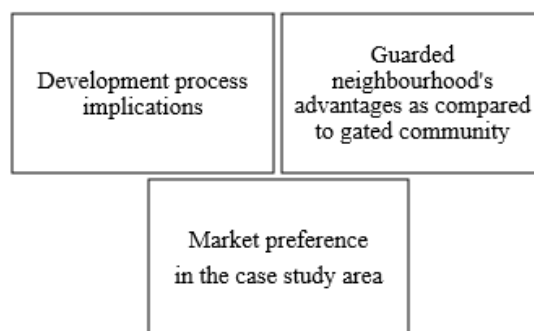
profit from it. Since crime issues has been alarming in recent years, thus 'safety and security' has been the main theme of their housing developments. This interest has been clearly explained for example by D2 and D3:

"We want to be outstanding" (D2)

*"Because there are a lot of security issues in Johor Bahru. So, as developers, we think this is (safety and security) very important for customer and for our selling point. So, start from that we started to plan all the precincts to be gated and guarded with single entrance" (D3)*

Theoretically, housing developers are economic in character [20]. Having such character, thus their business strategy has always been to gain profit in their business activities. In order to achieve this goal, it can be seen from the analysis that these developers share the same decision that is by choosing gated and guarded type of housing. It shows that they share similar understanding on how to achieve their interest.

The interviews were then proceeded with the questions of the factors that led the developers' decision to build guarded neighborhood rather than the gated community besides the developers' economic interest as explained above. It can be identified that such decision was made because of a number of causes. The findings show that these causes can be grouped into four big factors:



**Fig. 1.** Factors that Led Developers' Decision

The factors outlined in Figure 1 represents the developers' understandings about guarded neighborhood development in the case studies area.

Regarding the development process implications, five developers namely D3, D6, D7, D8, D11 and D12 emphasized that the land subdivisions of their gated and guarded housing projects dated before year 2007 have been done in accordance to the procedures of landed properties subdivision, hence the houses would be issued with individual land titles. They were aware that the titles were convertible to strata titles as long as the construction stage has not yet begun. But, the development plans need to be revised and modified accordingly. As D8 explained:

*"Because this land was actually approved for development very long ago. The planning permission all came out very long ago so we don't want to disturb all these, to resubmit all these things again. So, we just want to go on with the original planning".*

In this case, D11 claimed that revising the original planning is a time-consuming process especially when the individual land titles have already been issued like in the case of D7 and D12. Time is cost for developers. Additional cost is a risk that developers need to avoid in order to secure their profit margin.

From the analysis, it was found that guarded neighborhood has more advantaged as compared to gated community. Firstly, guarded neighborhood is advantageous in terms of its maintenance fee. The interviewed developers argued that the maintenance cost over the common properties within gated community would be compulsory under the strata law. Thus, having a low-density strata scheme like gated community, the proportion of the maintenance cost per owner would be higher compared to the amount that those who live in a high-density strata scheme have to pay. This concern is also reflected by the way the developers design their guarded neighborhood in terms of the physical characters and the managerial setup. As emphasized by D5, D6 and D10, their main intention was to build only a safety and security-based housing. Therefore, besides the perimeter fencing and guard post as the primary features, they only provide the playground, the most basic amenity as required by the local authority in all kinds of residential development in this country. In addition, D5 and D10 provide free security during developers' service period while D6 who has been collecting the monthly fee from buyers from day one the buyers collect their house key emphasized that the fee is meant only for the security service. Therefore, the developers shared the same thought that guarded neighborhood would save buyers' cost on maintenance compared to gated community.

Secondly, D1, D10 and D12 claimed that guarded neighborhood offers more flexibility to owners it has no restriction over the renovation works of the individual house. The developers claimed that one of the reasons buyers chose to buy a house in guarded neighborhood is because of the freedom to modify their own property according to their own preferences. On the developer's side, they put no restriction over the renovation works thus less commitment is needed from the developer. Besides the renovation works and house painting, as raised by D6, guarded neighborhood also have no planting restriction in the compound area as imposed in strata scheme. Besides the less commitment to control the renovations works in guarded neighborhood, developers also enjoy lesser time commitment to manage and maintain their residential projects. Unlike in the strata scheme, developers are required by law to manage and maintain their strata schemes until they can be taken over by their own management corporation. As D7 claimed, strata scheme requires longer commitment by the developers based on their 10 years' experience of managing and maintaining their high rise strata schemes in Kulaijaya due to their difficulty in forming the management corporation of the schemes. This problem was also agreed by D10:

"If strata, higher maintenance, residents are hardly united, total cooperation is difficult to be achieved. So, it is difficult to form the management corporation".

Thirdly, D10 added that guarded neighborhood provides more convenient road to users because the road size is bigger compared to the road in strata scheme. The road size of a housing scheme as required by the planning standard issued by local authority is 40 feet. However, the developers are allowed to reduce the road size but only for strata scheme development.

The final factor is the housing market preference in the case study area, representing the developers' understanding on demand characteristics. Five developers namely D1, D6, D10, D11 and D12 share the same opinion that landed residential properties with individual land title are more preferable in the case study area compared to high-rise strata schemes.

Amongst the reasons as presented previously, guarded neighborhood provides more freedom to buyers in enjoying their properties in terms of renovation works, house painting and planting their compounds. In addition, D10 claimed that buyers' preference towards guarded neighborhood is also due to high maintenance fee in strata scheme. These reasons show that developers have a clear understanding of how guarded neighborhood would be beneficial to owners compared to strata

gated community. This factor is important as the developers' selling point to attract buyers thus may provide more income to developers.

#### 4. Conclusions

From this paper, it is clear that the decision made by housing developers was driven by their economic interest. Building up gated and guarded housing has been chosen by all developers as the best-selling point in the situation when safety and security issues are alarming in the case study area. However, the most important aspect that this research needs to reveal is the reasons behind their decision in choosing guarded neighbourhood after 2007 despite the issues outlined earlier. From the results it is proven that these developers possess precise understanding on how guarded neighbourhood would be beneficial for buyers as well as for themselves. Its benefits for buyers would be the developers' selling point to attract buyers thus would bring faster return to developers. Most importantly, on developers' part, guarded neighborhood gives those less workloads, thus minimum financial burden. In fact, the establishment of residents' association has been implemented in these guarded neighbourhood in order to take over the workloads that were initially under developers' responsibilities. Residents' associations are needed in order to maintain the identity of the housing schemes as a gated community; but, on the residents' own cost.

Therefore, it can be concluded that guarded neighbourhood gives more rewards to developers. The freedom in shaping the managerial setup of this housing and demand preferences are the rewards that developers may enjoy. Meanwhile, the illegal status of enclosure components of guarded neighbourhood is no longer a risk to developers because temporary permits are available as the solution or a remedy provided by local authorities to this problem. With these temporary permits, converting the housing into gated community is not a good option for developers. Nevertheless, it is important to note here that since the enclosures' permits were given on temporary basis, it extends the establishment concept of guarded neighbourhood in the country as they are more precisely to be 'temporary secure neighbourhoods'. The decision to remain as a guarded neighbourhood in a long run is left to the residents to decide and to bear the cost of the enclosure permits when developers hand over all the managerial matters to the residents. These consequences evidently highlight the short-term economic interest the developers have towards guarded neighbourhood in the country.

#### Acknowledgement

This work was supported / funded by the Ministry of Higher Education under Fundamental Research Grants Scheme (FRGS/1/2022/SS04/UTM/02/7 (5F550)).

#### References

- [1] Blakely, E.J., and M.G. Snyder. *Fortress America: Gated Communities in the United States*. Brookings Institute, 1997.
- [2] Johnson, D. *Residential Land Development Practices: A Textbook on Developing Land into Finished Lots*. 3rd ed. ASCE Press, 2008.
- [3] Richter, C., and A. Goetz. "Gated Communities in the Denver-Boulder Metropolitan Area: Characteristics, Spatial Distribution and Residents' Motivations." *Housing Policy Debate* 18, no. 3 (2007): 535-555.
- [4] Kenna, T.E., and K.M. Dunn. "The Virtuous Discourses of Private Communities." *Geography Compass* 3, no. 2 (2009): 797-816.
- [5] Blandy, S. "Gated Communities in England: Historical Perspective and Current Developments." *GeoJournal* 66 (2006): 15-26.
- [6] Blakely, E.J. "Frayed Community: The Gated Community Movement." In *Handbook of Community Movement and Local Organizations*, edited by R.A. Cnaan and C. Milofsky, 257-266. Springer, 2007.

- [7] Zainudin, A.Z. *Gated Communities: Policy and Practice*. Malaysia: *Penerbit UTM Press*, 2016.
- [8] Bahari, A. *Practical Guide in Subdivision of Land and Building for Issuance of Strata Titles*. Koperasi Pegawai Pentadbiran dan Pengurusan Tanah Malaysia Berhad, 2007.
- [9] Malaysia. *National Land Code 1965*. International Law Book Services, 2020.
- [10] Malaysia. *Strata Title Act 1985 (Act 318) and Rules and Order*. International Law Book Services, 2017.
- [11] Malaysia. *Strata Management Act 2013 (Act 757) & Regulations*. International Law Book Services, 2018.
- [12] Malaysia. *Street, Drainage and Building Act 1974 (Amendment 2007)*. Percetakan Nasional Malaysia Berhad, 2007.
- [13] Stamford Zereth Muroh, A. *The Inadequacy of Legislations in Gated Community Development*. Bachelor Degree thesis, University Teknologi Malaysia, 2006.
- [14] Mohammad Tahir Mohammad, Tan, C.T., and Asiah Othman. "The Legality of Blocking Public Spaces in Gated and Guarded Community Schemes After 2007." *Malaysian Journal of Real Estate* 4, no. 1 (2009): 71-87.
- [15] Salleh, N., Zainudin, A.Z., & Yunus, N.M. "Importance of Residents' Associations in Guarded Neighborhoods: A Review." *International Journal of Real Estate Studies* 11, no. 2 (2017): 42-48.
- [16] Zainudin, A.Z., and K. Hussin. "The Cooperative-Collective Sharing Arrangement of Gated Communities in Malaysia." *Property Management* 33, no. 4 (2015): 330-347.
- [17] Zukri, A.Z.M., & N.S. Khalid. "The Implementation of Guarded Community Scheme in Shah Alam." *In E-Proceeding of 5th International Undergraduate Seminar on Built Environment and Technology*, 225, 2021.
- [18] Eng, S.T., and Z. Abdul Halim. "Laws on Formation and Management: Guarded Neighborhoods in Malaysia Being Neglected?" In *Proceedings of the International Law Conference (iN-LAC 2018) - Law, Technology and the Imperative of Change in the 21st Century*, 196-201, 2020.
- [19] Ainur Zaireen, Z., K. Hussin, N.H. MY., M.N. Razali, and A.L. Maslinda. "The Typology of Gated Communities from Housing Developers' Perspective." *Advanced Science Letters* 21, no. 5 (2015): 1247-1250.
- [20] Drewett, R. "The Developers: Decision Processes." In *The Containment of Urban England: Volume II - The Planning System: Objectives, Operations, Impacts*, edited by P. Hall, H. Gracey, R. Drewett, and R. Thomas. London: George, Allen and Unwin Ltd., 1973.
- [21] Maziah Ismail. "A Review of the Models of Land Development Process: The Agency Models." *Buletin Ukur* 7, no. 2 (1996): 80-99.