

Understanding the Persistence of Lot Lidi Transactions in Malaysia: A Qualitative Study of Buyers' Perceptions and Practices

Mazlifah Mansoor¹, Noraziah Abu Bakar², Jaiya Abu³, Norliza Abdul Hamid⁴, Hariati Mansor⁵, Rozlinda Abdullah⁶

^{1,2,4,6}Faculty of Law, Universiti Teknologi MARA Malaysia, ³Land Management and Legal Division, Department of the Director General of Lands and Mines, Federal Government of Malaysia, ⁵Universiti Teknologi MARA Cawangan Johor, Kampus Pasir Gudang, Malaysia
Corresponding Author Email: mazlifah414@uitm.edu.my

To Link this Article: <http://dx.doi.org/10.6007/IJARBS/v14-i11/23405> DOI:10.6007/IJARBS/v14-i11/23405

Published Date: 29 November 2024

Abstract

Lot lidi is a parcel of elongated and narrow agricultural land below 5 acres subdivided into multiple smaller specific plots. These plots are marketed for sale without individual title deeds. Despite not being given an ownership right as it is not recognised under the National Land Code, there are persistent selling and buying of this type of land. This paper examines from the buyers' perspective what influenced them to purchase despite its legal ambiguities. This paper is grounded on the theory of purchase intention in designing semi-structured interviews with buyers in Johor and Selangor. Findings reveal a specific socio-economic buyer encompassing middle-income earners with varied academic backgrounds, that are capable of significant investments of lot lidi. With minimal legal consultation, many buyers proceed with transactions, driven by perceived opportunities and economic pressures to own a home. The study underscores the need for targeted policies to regulate lot lidi transactions, enhance legal literacy among buyers, target housing development for low to middle-income groups and ensure equitable protections in land dealings.

Keywords: Lot Lidi, Land Transactions, Buyer Perceptions, Legal Ambiguities, and Qualitative Study

Introduction

In Malaysia, there are no ownership rights to "lot lidi", land parcels of elongated and narrow not exceeding five acres in size and possessing a length-to-width ratio of at least 1:5. These lands measure between 80 to 100 feet. Despite the legal ambiguities, lot lidi transactions have gained notable traction among land buyers, underscoring the need for a legal framework to address the socio-economic issue surrounding lot lidi.

Literature Review

This literature review seeks to explore the existing body of research on lot lidi transactions, highlighting the significant gaps, particularly the lack of empirical studies on why buyers choose to purchase these lots. The definition and concept of lot lidi have been discussed in several studies, forming the basis for understanding of this phenomenon. Lot lidi commonly are land parcels that are elongated and narrow, not exceeding five acres, with one side measuring between 80 to 100 feet (Mansoor et al., 2023). The Malaysian Department of Town and Country Planning suggests a technical definition, describing lot lidi as lots with a length-to-width ratio of at least 1:5 (PLANMalaysia, 2018). However, these definitions cannot be found under the Malaysian National Land Code as it is not recognised under the law.

The purchase of lot lidi is often attributed to its low-cost price. It attracts buyers to purchase low-cost land that they can afford especially for those from middle to low-income backgrounds who find conventional landed properties beyond their financial reach (Xavier, 2022). In addition, buyers do not need to pay the cost for permission to build and additional fees relating to registration (Ismail et al., 2022). Economic constraints to own a home among urban and suburban populations, also play a significant role in the popularity of lot lidi. Purchasing lot lidi at a lower than market price in a hassle-free process provides buyers with the solution to own land in a populated area (Mohsin et al., 2022). The financial competency of buyers is met with this cost-effective solution, despite their legal risks, which underscores the economic motivations behind these purchases. Similarly, sellers of lot lidi are motivated to gain profit in selling lot lidi. The sellers' greed is identified by literature as one of the reasons for selling lot lidi. Often under misleading pretences, the sellers state to the buyers that the land parcels have been subdivided and are ready for sale (Mohsin et al., 2022).

Existing literature provides some insights into why lot lidi transactions are appealing including economic constraints, legal ambiguities, and market dynamics (Harun et al., 2022). However, there is a significant gap in empirical research that systematically investigates buyers' motivations and the legal consequences of such purchases. Addressing this gap is crucial for developing informed policies and laws to protect buyers and ensure the integrity of land transactions in Malaysia.

In addition, there is little focus on the role of legal frameworks in addressing these transactions. Few articles address the need for a legal framework that can provide a legal definition and address the gap in law arising from lot lidi transactions (Mansoor et al., 2023). Many authors suggest a lack of understanding about the lot lidi legal status among buyers. Mokhtar said that buyers are unaware of the legal ambiguities of lot lidi transactions, often relying solely on the seller's assurances regarding the legality of the lots (Mokhtar, 2023). In addition, Fahmi asserts that buyers seldom conduct legal risk assessments, which can lead to complications given the unrecognised status of lot lidi under the National Land Code (Fahmi Md Fodzi, 2021). This study emphasises the importance of understanding the legal perspectives and the impact on buyers' rights and ownership security. The absence of comprehensive studies on the legal implications and buyers' awareness highlights a significant gap.

Methodology

A qualitative approach to buyers' experiences and perceptions can provide depth and richness of the data collected. Detailed insights using smaller samples are often used in qualitative research to investigate complex behaviours and motivations that might be overlooked in larger quantitative studies. Hence, semi-structured interviews to investigate the factors motivating buyers to purchase Lot Lidi are designed to collect qualitative data regarding buyers' knowledge, attitudes, and practices in Lot Lidi transactions. Participants were chosen through a random sampling technique from buyers willing to discuss their perceptions of the legal risks associated with Lot Lidi ownership.

The data collected from the interviews underwent thematic and content analysis, which included the following steps:

Table 1

Data Analysis

| BIL | STEPS | DETAILS |
|-----|----------------|---|
| 1. | Transcription | Converting audio recordings of the interviews into written text. |
| 2. | Coding | Identifying and marking segments of text related to specific themes. |
| 3. | Categorisation | Grouping codes into broader themes. |
| 4. | Interpretation | Analyzing and interpreting the responses and inputs from respondents. |

Source: Mansoor (2024)

Above is a systematic data analysis aimed at providing insights into the legal risks and buyer perceptions associated with Lot Lidi transactions.

The theory of planned behaviour studies consumer behaviour to understand the factors leading to a consumer's intention to buy a product or service. This theory is chosen for this paper because it explains consumer intention and decision-making processes from the perspective of psychology, society, and economics. Purchase intention reflects an individual's willingness to buy a particular service or product as explained by Ajzen in this theory (Ajzen, 1991). This theory has become the basis for studying consumer behaviour such as how marketing activities on social media platforms influence users' decision-making processes (Ahmed, 2018). Literature also suggests that increased purchase intention correlates with higher buying opportunities (Morwitz, 2014).

The interview questions were structured based on the theory of purchase intention, aiming to explore various factors influencing the decision to buy Lot Lidi. Key questions included:
 Background of Buyers and Lot Lidi Locations: To identify whether Lot Lidi transactions are widespread or localized, and to determine the educational backgrounds and income levels of buyers.

Advertising and Offering of Lot Lidi: To assess the extent of information received by buyers during the purchasing process to make informed decisions.

Purchase Price, Size, and Payment Methods: To verify if the purchase of low-priced land and the payment methods influenced the decision to buy.

Factors Influencing Purchase: To understand buyers' perspectives on why they chose to purchase Lot Lidi.

Role of Individuals in the Transaction Process: To examine whether professionals such as lawyers assisted in the purchase process, including the extent of the information and assistance provided.

Problems Faced Post-Purchase: To evaluate the buyers' experiences in dealing with land not legally recognized.

Future Intentions and Government Protection: To explore buyers' future intentions to buy or sell land and their views on government protection regarding Lot Lidi transactions.

Findings

Background of Buyers and Lot Lidi Locations

The demographic data reveals that all buyers were Malay women with educational backgrounds ranging from SPM/MCE to bachelor's degrees. Their monthly incomes varied from RM2,000 to RM10,000 at the time of purchasing Lot Lidi. The properties were located in various regions of Johor and Selangor, specifically in Simpang Renggam, Johor (Respondent 1), Kampung Delek, Klang, Selangor (Respondent 2), Kg Merbau Sempak, Selangor (Respondent 3), and Sg. Plong, Sungai Buloh, Selangor (Respondent 4).

Advertising and Offering of Lot Lidi

Most buyers learned about Lot Lidi through intermediaries. For example, Respondent 2 was informed by a property owner facing financial difficulties, while Respondent 3 and 4 found out through friends and a spouse's acquaintance, respectively. Respondent 1 discovered Lot Lidi through social media advertisements.

Purchase Price, Size and Payment Methods

The purchase prices of Lot Lidi ranged from RM20,000 to RM300,000. Respondent 2 bought at the lowest price range below RM50,000, while Respondent 1 and 3 paid between RM50,001 and RM100,000. The highest transaction was noted by Respondent 3 with a range between RM100,001 and RM300,000. Lot sizes varied, with some buyers unable to specify the exact area. Payment methods included cash, bank transactions, and monthly instalments, reflecting the buyers' financial capacity.

Table 2

Summary of Purchase Price, Size and Payment Methods

| Respondent | Purchase Price (RM) | Lot Size | Payment Method |
|------------|---------------------|-------------------|---------------------|
| 1 | 50,001 - 100,000 | 465 mp / 5000 kps | Full Cash |
| 2 | Below 50,000 | Not specified | Monthly Installment |
| 3 | 100,001 - 300,000 | 4554 sq ft | Full Cash |
| 4 | 50,001 - 100,000 | 20 x 60 feet | Full Cash |

Source: Mansoor (2024)

Factors Influencing the Purchase of Lot Lidi

The primary factors that influenced the decision to buy Lot Lidi are low-cost prices, proximity to public amenities, and the aspiration to own a home. In addition to the common purchasing reason, Respondent 2 was particularly attracted to the instalment payment option which does

not require a deposit upfront to purchase. All buyers viewed Lot Lidi as a valuable asset, providing them with the opportunity to own a home.

Transaction Process

Most buyers did not seek legal advice before purchasing Lot Lidi. Respondent 1 used a lawyer for the sale agreement, while Respondent 2 and 3 relied on trust in the sellers. Only Respondent 4 sought legal advice but proceeded with the purchase. All buyers signed sale agreements but did not receive individual ownership documents. Respondent 3, in particular, faced issues with ownership transfer even after 10 years.

Problem Faced Post-Purchase

Buyers had varying experiences with post-purchase issues. Respondents 1 and 3 faced problems with not obtaining individual grants and felt the ownership was not legally recognized. Conversely, Respondents 2 and 4 reported no issues post-purchase.

Future Intentions and Government Protection

There are mixed views on future purchases of Lot Lidi. Respondents 2 and 4 who did not encounter any legal issues with the purchasing expressed interest in buying more Lot Lidi for investment purposes. While potential legal issues of not being able to register their land had deterred Respondents 1 and 3 from purchasing in future. All respondents agreed that the government should take measures to protect Lot Lidi buyers and enforce compliance with the law.

Analysis and Interpretation

The demographic data collected by this study shows that the buyers belong to a mixed socio-economic group. The majority of buyers are middle-income earners with moderate educational qualifications. But also the presence of a buyer with high academic qualifications. The study reflects a particular segment of the Lot Lidi market, showcasing the variation in financial capacity within a seemingly homogenous group. Despite the moderate income levels, some buyers in this group can make significant investments relative to their financial means.

Discussion

Specific Socio-Economic Group

The buyers of Lot Lidi are in the same specific socio-economic group, consisting of middle-income Malay women with moderate academic qualifications, except for one buyer with higher educational qualifications. The buyers are from low to moderate-income groups with their monthly incomes ranging from RM2,000 to RM10,000. However, they have the financial capacity to purchase lot lidi in cash. The purchasing capacity varies with one buyer purchasing using an instalment plan and the other buyers paying cash upfront. This demographic specificity highlights the need for targeted housing policies that address the unique needs of this group.

Motivations for Purchasing Lot Lidi

The primary appeal for purchasing Lot Lidi among the respondents was to own a home. The lower prices of Lot Lidi compared to market rates and the proximity to public amenities were significant factors influencing their decision. This suggests that affordable housing solutions

are critical for this socio-economic group. The government should consider these factors when developing housing policies, ensuring that low to moderate-income individuals have access to affordable and legally recognized housing options.

Minimal Role of Lawyers

Lawyers play an insignificant role in the purchase of the Lot Lidi process. Most of the buyers only deal with their sellers and they said that they trusted and complied with the seller's instructions on how to purchase the land. They did not think it was necessary to seek legal advice before making their purchase. Only one respondent (Respondent 4) sought legal advice but still proceeded with the purchase. This minimal involvement of legal professionals shows that the buyers are willing to take the risk of purchase despite making uninformed decisions that can lead to potential legal complications post-purchase. This finding underscores the importance of the lawyer in the government's plan to formulate housing policy and regulations as well as legal literacy for future buyers.

Post-Purchase Experiences and Future Intentions

There were divergent experiences on the post-purchase issues faced by the buyers. Two respondents (1 and 3) experienced significant problems due to the lack of individual ownership documents, others (2 and 4) did not report any issues with respondent 2 managed to resell the land without any complications. This finding shows that the dealing of lot lidi is not hindered even without legal recognition.

The post-purchase experience in purchasing lot lidi influenced the future intentions of the buyers to deal with lot lidi. While respondents 1 and 3 do not wish to purchase Lot Lidi in the future based on the legal uncertainties and issues they faced after purchase, respondents 2 and 4 expressed interest in purchasing more Lot Lidi for investment purposes, seeing it as a profitable venture. The finding shows a lack of consistent and reliable investment outcomes for buyers.

Call for Government Action

Government prompt intervention to protect buyer interests and ensure standardised regulation and consistent enforcement is the key solution to address some buyers who face significant legal and practical challenges while others do not. By addressing these issues, the government can help secure property rights, provide greater market stability, and encourage more equitable investment opportunities.

Conclusion and Recommendation

This research shows specific socio-economic characteristics of Lot Lidi buyers and their motivations for purchasing primarily to own their first house. It underscores the need for targeted housing policies that address the affordability and legal security of properties for low to middle-income groups. In addition, the varied post-purchase experiences of buyers highlighted in this paper show that legal advisory services and government intervention are crucial steps toward protecting buyers and promoting a more stable real estate market. Buyers should be encouraged to conduct due diligence, including legal consultations, before engaging in any land transaction. The Government and Bar Council can offer pro bono affordable legal services to assist buyers in making informed decisions and ensuring proper documentation in land transactions. government must recognise and address these issues to

support homeownership aspirations and secure investments for low to moderate-income individuals.

This research calls for targeted policymaking and continuous educational efforts to inform the public about the legal implications and encourage due diligence in land transactions (Mohd, 2021). Public awareness campaigns are necessary to educate potential buyers about the legal status and risks of Lot Lidi transactions. By addressing the underlying motivations and ensuring comprehensive awareness, authorities can better manage and potentially mitigate the risks associated with Lot Lidi purchases.

The government can implement measures to ensure compliance with existing laws and provide protections for Lot Lidi buyers to prevent exploitation. The Government should clearly define and regulate Lot Lidi transactions to protect buyers and ensure transparency. Future studies should re-evaluate the gap in real estate development for low to medium-earners to obtain a house that is recognised by the law. Stakeholders can create a more secure and equitable real estate environment, addressing the needs and challenges of middle-income buyers and fostering a healthier property market.

This study contributes significantly to the literature by demonstrating how economic theory can be effectively integrated into socio-legal research, which remains underexplored. Theoretically, it applies the Theory of Planned Behaviour to explore the socio-legal complexities surrounding land transactions in the context of limited legal literacy and economic constraints. This approach sheds light on how these factors drive purchasing decisions, despite the legal risks involved. Additionally, this research addresses gaps in housing policy and legal awareness among vulnerable buyer groups, offering valuable insights for developing policies and regulations that promote a more sustainable and equitable real estate market. The findings underscore the need for improved legal education and more robust housing policies to protect at-risk communities and foster a more stable housing environment.

Acknowledgement

The National Valuation Institute of Malaysia (INSPENS) funded the research through a Research Grant Scheme entitled LOT LIDI Ownership Opportunities and Risks from a Legal Perspective, 2023 – October 2024. The authors would like to thank the Faculty of Law, Universiti Teknologi MARA, Shah Alam for the funding and support that have made it possible for this paper to be published. The authors also wish to thank the participants for their invaluable contributions to this study. Special thanks to the legal experts and policymakers who provided insights during the research process.

References

- Ahmed, A. A. (2018). Investigating the impact of social media advertising features on customer purchase intention. *Journal of Business Research*, 85, 1–8. <https://doi.org/10.1016/j.jbusres.2017.12.010>
- Ajzen, I. (1991). The theory of planned behaviour. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Fodzi, F. (2021). 10 risiko pembelian “Lot Lidi” tanah pertanian untuk tujuan mendirikan rumah. *Jom Tanya Peguam*. <https://jomtanyapeguam.com/10-risiko-pembelian-lot-lidi-tanah-pertanian-untuk-tujuan-dirikan-rumah/>
- Harun, N., Hamid, N. 'A., Bidin, A., & Salleh, K. (2022). Penipuan dalam urus niaga tanah di Malaysia: Satu kajian. *Kanun: Jurnal Undang-undang Malaysia*, 34(1), 97–112. [https://doi.org/10.37052/kanun.34\(1\)no5](https://doi.org/10.37052/kanun.34(1)no5)
- Ismail, N., Zakaria, S. R. A., & Samsudin, S. (2023). Lot Lidi development conflict from a legal perspective. *International Journal of Law, Government and Communication*, 8, 150–160. <https://doi.org/10.35631/IJLGC.832013>
- Mansoor, M., Abu Bakar, N., Abdul Hamid, N., Mansor, H., Abdullah, R., & A'zmi, A. (2023). Pengiklanan dan penjualan Lot Lidi dari perspektif undang-undang jenayah. *Malaysian Journal of Social Sciences and Humanities (MJSSH)*, 8(11), e002584. <https://doi.org/10.47405/mjssh.v8i11.2584>
- Mohd, K. W. (2021). Kepentingan tadbir urus yang baik dalam mendepani isu penipuan tanah. In *E-Prosiding Seminar Antarabangsa Islam dan Sains 2021: Wawasan Kemakmuran Bersama 2030*. Retrieved June 19, 2024, from <https://oarep.usim.edu.my/server/api/core/bitstreams/a2aaa4a0-21c4-4221-8e78-a48a7376ff24/content>
- Mokhtar, N. A. (2023, April 10). Kerajaan digesa permudahkan urusan pecah geran tanah Lot Lidi. *Berita Harian*. <https://api.bharian.com.my/berita/nasional/2023/04/1088081/kerajaan-digesa-permudahkan-urusan-pecah-geran-tanah-lot-lidi>
- Mohsin, A., Firdaus, N. F., & Berahim, N. (2022). The Causes of Unauthorized Residential Plots Development and Implication for Government Agencies. *Sains Humanika*, 14(1), 26–34. <https://doi.org/10.11113/sh.v14n1.1860>
- Morwitz, D. J. (2014). Consumers' purchase intentions and their behaviour. *Foundations and Trends® in Marketing*, 7(3), 181–230. <https://doi.org/10.1561/17000000036>
- PlanMalaysia. (2018). *Laporan gunatanah negara*. Retrieved June 19, 2024, from <https://portal.planmalaysia.gov.my/index.php/laporan-gunatanah-negara>
- Xavier, G. (2022). No recognition of Lot Lidi under land law. *New Straits Times*, p. 84. Retrieved June 19, 2024, from <https://www.nst.com.my/opinion/columnists/2022/03/777015/no-recognition-lot-lidi-under-malaysian-land-law>