

# The Curse of Stigmatised Houses: How Cultural Beliefs Affect Property Values in Malaysia

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## ABSTRACT

Stigmatised properties refer to residential units that are psychologically affected by past events such as death, crime, or alleged paranormal occurrences which may influence buyer perceptions despite having no physical defects. In culturally sensitive contexts such as Malaysia, where traditional beliefs and superstitions remain influential, such properties may face distinctive market challenges. This study investigates the market implications of stigmatised houses in Malaysia from the perspective of property industry professionals. A structured questionnaire survey was administered to 54 respondents, comprising licensed estate agents and property negotiators. The findings indicate that cultural beliefs significantly shape market reactions toward stigmatised properties, leading to extended marketing periods and price discounts compared to non-stigmatised units. The results further reveal that many agents are reluctant to accept listings of properties associated with negative stigma due to reputational and transaction risks. These findings contribute to the limited empirical literature on psychological stigma in emerging property markets and provide practical insights for real estate practitioners and property owners in developing appropriate pricing and marketing strategies for stigmatised properties.

**Keywords:** stigmatised property, marketability, property value, stigma effect.

## INTRODUCTION

Stigmatised homes, which have a negative reputation due to incidents such as illness, murder, suicide, or hauntings (Fierro et al., 2019; Drehmann et al., 2020) can significantly impact the real estate market. Emotional or psychological disturbance caused by a history of violence, criminal activity, natural disasters, or ghost stories can influence a prospective buyer's decision (Larsen and Coleman, 2001), ultimately lower the property value (Qin, 2008) and make it difficult for owners to sell or rent at a fair price. Cultural beliefs and attitudes play a role in how individuals view stigmatised homes, with socio-demographic and socio-economic factors (i.e. superstitions and religious beliefs) influencing perspectives (Torgler, 2007; Alias, Hamsani, Chua, and Zaid,

2014; Haffner et al., 2021). Depending on cultural backgrounds, attitudes towards stigmatised homes can differ greatly, with certain cultures viewing death as natural and others associating it with bad luck or demonic forces (Fierro et al., 2019). Higher education levels may lead to a more critical and scientific approach to superstition and a rejection of superstitious beliefs (Baro and McCleary, 2002). Understanding how cultural beliefs impact real estate buying decisions is crucial, particularly when it comes to stigmatised homes. Therefore, this article discusses the literature and findings of a study on how cultural beliefs affect real estate decisions for stigmatised homes, examining the effects of stigmatised houses on the real estate market and the influence of cultural attitudes on property purchases.

The article is organised into several sections. In section two, the authors examine the effects of stigmatised houses, as reported in existing literature. Section three outlines the methodology used in this study. Section four presents the study's findings, and section five offers conclusions drawn from those findings.

## LITERATURE REVIEW

### The Effects of Stigmatised Houses

An increasing amount of research has looked at how stigmatised homes affect marketability and property values. Affected homes were on the market around 45% longer than usual and sold for between 3% (Larsen and Coleman, 2001) and 20% (Mahalingam, 2012) less than non-impacted homes. Properties where a murder occurred had a lower selling price than non-stigmatised properties. Rosenbloom (2006) highlighted that the flat where the Menendez brothers killed their parents in 1989 lost more than \$1 million in market value when it was finally sold because of the stigma. Meanwhile in the court case of Reed v. King (1983), the property seller was sued for failing to disclose a murder involving a woman and her four children ten years earlier. The buyers asserted that the property's value was reduced by 17% because of the stigma associated with previous killings, and the California Court upheld their argument. Similar findings were made by Abelson et al. in their study from 2013, who discovered that properties linked to violent crimes had lower market values by 5.6%. Similar narratives are presented by Tita et al. (2006) and Boggess et al. (2013) in their respective investigations.

Paranormal phenomena (haunted houses) are yet another category of stigma. There is no evidence indicating that such locations may have a significant impact on home prices, although in some situations, houses have increased in value despite their owners being aware of the stigma prior to purchase (Cavanaugh 2002). Stigmatised houses remain on the market longer than usual and sell for less than non-impacted homes. Nonetheless, certain properties increase in value due to tourism. For instance, haunted houses such as Lizzy Borden House and Winchester Mystery House showed an increased in value due to tourism (Hajnal, 2017).

In addition, if the owner communicates and dispels (or sustains) the myth, various neighbourhoods may react differently. In Texas, two restaurants experienced major shootings on the same night. One owner communicated well with customers and profited, while the other was stigmatised, avoided, and had to be shuttered and torn down (Hofmann 1999). This indicates that society's value judgement affects the property's price, but our values don't limit its intended use. Good or bad, the history of the house could give a big impact to the buying decision of the prospective buyer which will eventually affect the value of the property (Nallathiga, 2017).

The literature on stigmatised houses is expanding, yet there are still certain gaps in our knowledge. For instance, the psychological and emotional impacts of residing in a stigmatised property received less attention in research than the influence of stigmatised homes on property values and marketability. More investigation is also required on how cultural values and attitudes influence real estate decisions. Even yet, there is a sizable gap in the existing body of knowledge about the possible influence stigmatised homes may have on buyer decision making. This study fills the knowledge vacuum by examining whether potential buyers would acquire stigmatised properties and the impact on value; The research methodology is elaborated in the following section.

## RESEARCH METHODOLOGY

A questionnaire survey was chosen as the primary method of data collection. The questionnaire consisted of three sections: Section A, which was designed to elicit information about the demographic profiles of the respondents, Section B, which focused on the characteristics of the house preferred by potential buyers, and Section C, which addressed the various issues that may arise when marketing a stigmatised property. To ensure that the sample of estate agents surveyed was representative, the Taro Yamane (1967) sampling formula was used to determine the appropriate sample size.

A total of 54 questionnaires were distributed to registered estate agents in Johor Bahru, who were chosen based on their experience in selling stigmatised properties. The questionnaire utilised a four-point Likert scale to gauge the level of agreement or disagreement of respondents for each question. The scale allowed the respondents to choose between "strongly agree," "agree," "disagree," and "strongly disagree" to indicate their opinions on the survey questions. The questionnaire responses were then analysed using frequency and crosstabulation analyses to determine the frequency of occurrences and the relationships between variables.

## DATA ANALYSIS

### Respondents Profile

Results showed that most respondents were Malay (57.4%), followed by Chinese (35.2%) and Indian (7.4%) estate agents. Most respondents were licensed estate agents (68.5%), with 31.5% identifying as negotiators. In terms of experience, 42.6% of estate agents have been in the industry for less than 5 years, 29.6% for 6 to 10 years, and 27.8% for 11 or more years.

In relation to stigmatised properties, only a small proportion of estate agents surveyed were unaware of stigmatised house issues (11.1%), suggesting that this is a topic that most estate agents are familiar with. However, most estate agents lacked expertise in promoting stigmatised houses (66.7%). Despite this, a significant proportion of estate agents had marketed a stigmatised property at least once (25.9%). Of these, 14 agents had promoted one stigmatised property, 3 agents had promoted two stigmatised properties, and one agent had promoted three stigmatised properties. The most common types of stigmatising events were suicide (9 cases), supernatural or haunted occurrences (8 cases), and murders (5 cases).

These findings suggest that the marketing of stigmatised properties is a common occurrence among estate agents in Johor Bahru, despite a lack of expertise in this area. Furthermore, the prevalence of suicide stigma highlights the importance of education and awareness-raising around this issue in the real estate industry.

Table 1: Demographic Profile of Respondents

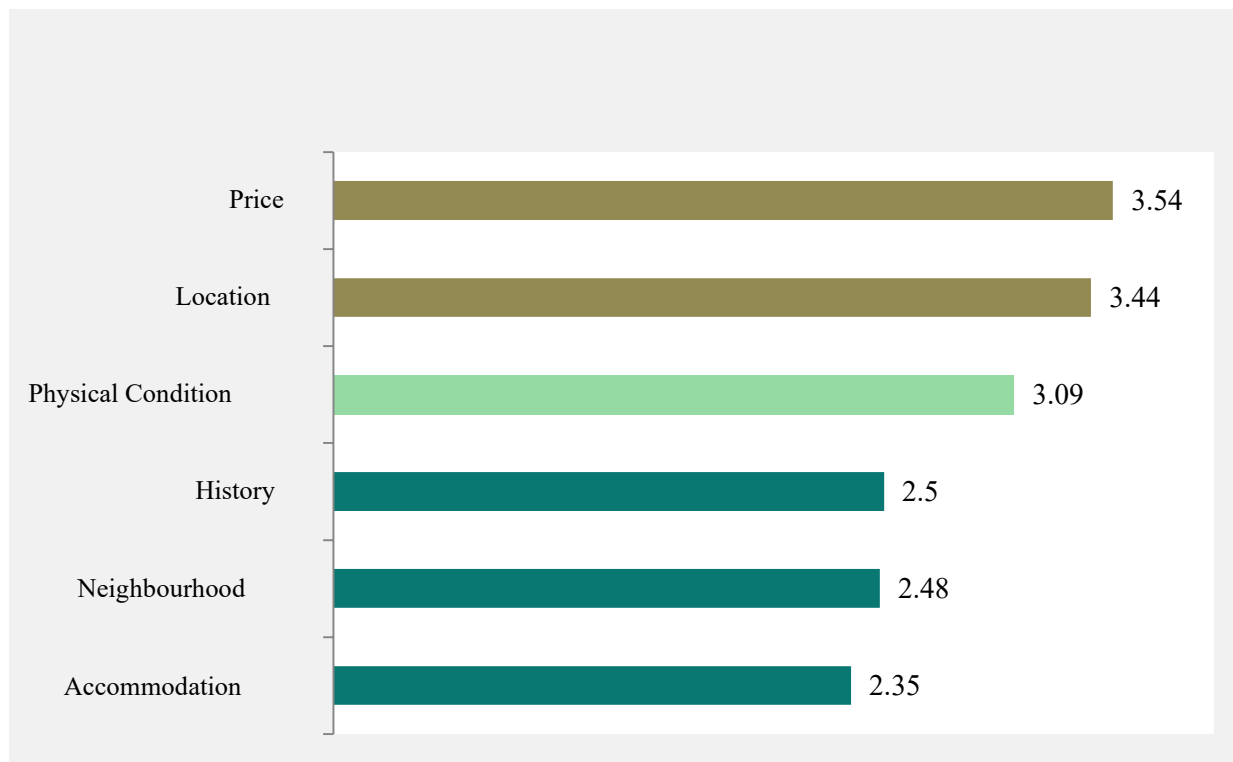
Demographic Variable	Category	Frequency	Percentage (%)
Ethnicity	Malay	31	57.4
	Chinese	19	35.2
	Indian	4	7.4
Position	Registered estate agent	17	31.5
	Negotiator	37	68.5
Year(s) in real estate industry	5 years and below	23	42.6
	6 to 10 years	16	29.6
	11 years and above	15	27.8
Have awareness on stigmatised house	Yes	48	88.9
	No	6	11.1
Have experience in marketing a stigmatised house	Yes	18	33.3
	No	36	66.7
Time(s) in marketing for a stigmatised house	1 time	14	25.9
	2 times	3	5.6

	3 times and above	1	1.8
	None	36	66.7
Types of stigma occurred	Suicide	9	15.5
	Murder	5	8.6
	Supernatural/haunted	8	13.8
	None	36	62.1

**Descriptive Analysis**

The present study yielded some interesting findings regarding the factors that potential homebuyers consider when purchasing a house. According to the results, price is the most significant factor with a mean score of 3.54, followed by location with a mean score of 3.44 and physical condition with a mean score of 3.09. In contrast, history, neighbourhood, and accommodation appear to have less importance to today's buyers, with mean scores of 2.50, 2.48, and 2.35, respectively. These results are illustrated in Figure 1, which displays the scale and index range after calculating the mean scores for each characteristic.

Figure 1: Characteristics of House Preferred by Prospective Buyers from Estate Agent’s Perspective



A stigma associated with a property can negatively impact potential purchasers who hold superstitious beliefs (Figure 2). Specifically, 31 out of 54 estate agents strongly agreed with this notion, indicating the influence of superstitions on the decision-making process of some homebuyers. Interestingly, the estate agents noted that majority of Chinese buyers (29%) hold superstitious convictions when purchasing stigmatised homes, compared to other ethnic groups.

Furthermore, the study found that stigmatised houses tend to stay on the market longer and sell for less, as potential purchasers tend to avoid them. Despite this risk, estate agents are still willing to market stigmatised houses by disclosing all information about the property, including its reputation, to avoid legal repercussions.

Figure 2: Marketability of Stigmatised Housing

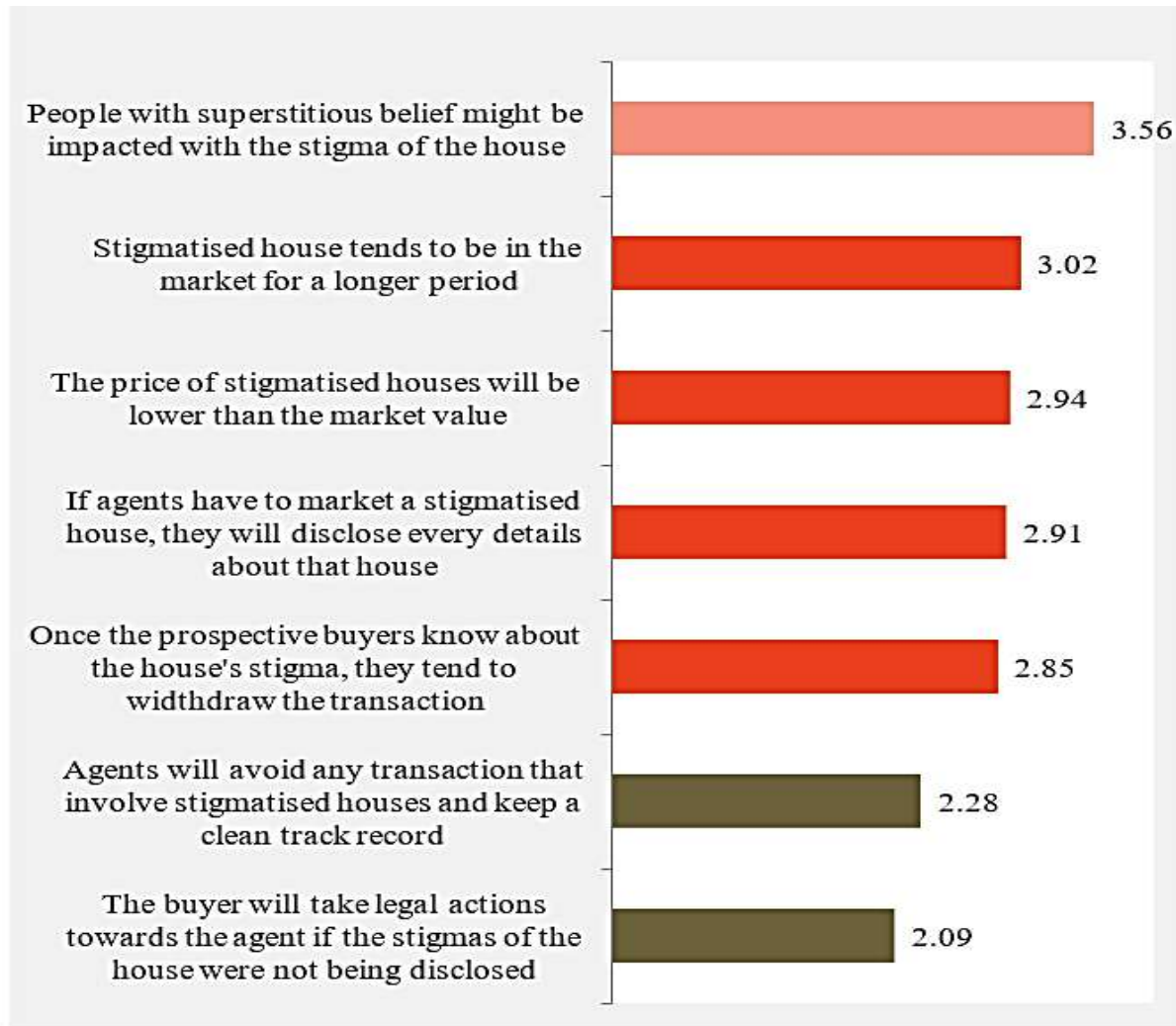


Table 2 presents the statistical significance of various factors related to disclosing details of stigmatised houses and their impact on transactions. The study found a significant association between the history of the house and the likelihood of legal actions being taken against agents if stigmas are not disclosed, with a p-value of 0.002. Furthermore, the type of stigma associated with a house has a significant impact in lowering the price of stigmatised houses, with a p-value of 0.001. Overall, the variables presented in Table 2 demonstrate statistically significant associations with various issues related to stigmatised houses, providing important insights for real estate agents and buyers alike.

Table 2: Demographic Profile of Respondents

Crosstab	Value	df	Asymp. Sig. (2-sided)
History*Withdraw	8.717	4	0.069
History*Legal action	16.912	4	0.002
Type of stigma*Longer marketability period	10.558	6	0.103
Type of stigma*Lower market value	27.467	9	0.001

## DISCUSSION

A house's pricing, location and physical condition remain the three most important factors that influence house

purchase. History makes up the fourth most important factors that buyers consider in house purchase, especially when they plan to occupy the purchased house. If the motive of purchase was to rent out the house, the purchasers may not mind the history aspect. This finding supports Alias et al. (2014) who observed that most prospective buyers strongly disagree on history as a criterion to consider before renting a house.

Stigmatised housing could potentially affect superstitious Malaysian people coming from various ethnicities, especially the Chinese. This conclusion reinforces Simon (2009) claim that Chinese people consider Feng Shui by establishing a building with a specific shape, surrounding area, and elemental features. Nonetheless, stigmatised houses can still be marketable on the condition that it is listed at prices below market value and with full information disclosure to highlight other qualities of the house. The lower market values of stigmatised houses were also highlighted by Larsen and Coleman (2001), Rosenbloom (2006), Tita et al. (2006), Qin (2008), Mahalingam (2012), Abelson et al. (2013), Boggess et al. (2013) and Rosli et al. (2016).

## CONCLUSION

This article analyses buyer preferences and the marketability challenges agents confront when selling a stigmatised house. Prices, location and physical condition of the property remain as the most influential aspects of house purchase decision making; However, the history of the house may also affect the decision to purchase or not due to the strong psychological beliefs of Malaysians, especially the Chinese. To sell stigmatised houses, prices should be lower than the current market value, highlighting other qualities of the house and targeting other ethnics or nationality to increase the chance of selling. Future studies should investigate other Malaysian states to identify whether there is an impact of stigmatised houses on purchase decisions and marketability. A larger sample is also encouraged as it may yield more conclusive results that represent the Malaysia population. Future research could also examine other house-related stigmas and additional concerns in marketing a stigmatised house, such as prospective purchasers asking for a discount or a lower price.

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