

## Urban Development Under Neoliberalism: Addressing Socio-Spatial Inequality in Malaysia

Ahmad Zharif Ahmad Zahir<sup>1\*</sup> and Mohd Faris Khamidi<sup>2</sup>

<sup>1</sup>Centre of Studies for Architecture, Faculty of Built Environment, Universiti Teknologi MARA, Puncak Alam, Selangor, Malaysia.

<sup>2</sup>Department of Architecture & Urban Planning, College of Engineering, Qatar University.

\*Corresponding author: [ahmadzharif@uitm.edu.my](mailto:ahmadzharif@uitm.edu.my)

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### **Abstract**

This study examines how neoliberal urban planning practices since the 1990s have reshaped urban development in Malaysia's major cities and contributed to socio-spatial inequality. It focuses on the dichotomy between organically developed Incrementally Developed Areas (IDAs) and planned Privately Developed Areas (PDAs), with informal settlements and gentrification processes taking center stage. Case studies from Kuala Lumpur and Johor Bahru illustrate the coexistence of unplanned low-income communities and modern upscale settlements, highlighting the tensions between rapid economic growth and social equity. The analysis is conducted in three stages: (1) an overview of the changes in urban governance under neoliberal policies, (2) an assessment of the impact on the built environment and demographic patterns, and (3) a statistical assessment of socio-spatial inequality. Socio-economic indicators – including income levels and distribution, housing conditions, access to basic infrastructure, gentrification trends and displacement rates – are used to compare IDAs and PDAs. The results show significant differences between IDAs and PDAs and provide insights into the challenges facing urban communities in the midst of market-driven development. The study concludes with policy recommendations to promote more inclusive urban growth and reduce inequality in Malaysia's cities, contributing to a deeper understanding of the impact of neoliberal urbanism on social justice and spatial equity.

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## 1.0 INTRODUCTION

Neoliberal urbanism emerged in Malaysia in the 1990s, reflecting a shift in urban planning driven primarily by market-oriented economic reforms. Key among these were privatisation initiatives that reduced direct state intervention in development and municipal services such as water supply, energy, waste management, and telecommunications. Beginning in the 1980s and accelerating through the 1990s, the push for market efficiency in city-building gave the private sector a dominant role in shaping the built environment, especially in commercial and high-growth areas. Government urban planning strategies during this period were reorganised to favour deregulation and private investment in line with neoliberal policy models, characterised by a prioritisation of market-led solutions and a rollback of state control (Harvey, 2005; Kozłowski et al., 2021). The result was a shift from a growth with equity approach to a growth with stability approach in Malaysia's urban development. According to Abdullah et al. (2022), the former involves an equitable distribution of wealth and access to services (e.g. quality education and healthcare for all). In contrast, the latter focuses on rapid economic growth mainly through private investment, often at the expense of equitable outcomes.

By the 2000s, neoliberal policies had significantly transformed Malaysian cities. While the overall incidence of poverty has declined in Malaysia in recent decades, certain urban groups continue to face unequal access to resources and services. Malaysia's urban population has grown rapidly – exceeding 75% of the total population – yet less than 10% of the country's land area is officially classified as urban. This imbalance underscores the challenges of accommodating a concentrated urban populace within limited urban space, especially when trying to ensure equitable development. There are still relatively few studies on how the contrasting environments of IDAs and PDAs affect the lives and opportunities of urban residents in Malaysia. This study seeks to fill that gap by examining these environments in detail, thereby contributing to the creation of more inclusive and equitable cities for citizens across different economic backgrounds.

## 2.0 LITERATURE REVIEW

### 2.1 Neoliberalism and its Impact on Urban Development

Malaysia is not exempt from the effects of neoliberalism in urban planning, with cities in Malaysia undergoing changes since the 1990s as a result of economic reforms (Tan, J. 2021). In these neoliberal reforms, the role of the private sector in development is strongly supported by the government pursuing the national goals of economic growth through rapid urbanisation and industrialisation. Closely linked to the National Economic Policy (NEP), the privatisation also targeted sectors, such as transportation, telecommunication, and energy, including oil and gas. Nevertheless, the country is still the sole beneficiary in the case of PETRONAS.

With real estate investment as the main driver of development, mega projects such as the construction of highways, airports, housing, and urban services are being undertaken in public-private partnerships (PPP) through methods such as Built-Operate-Transfer (BOT), PPP and Private Finance Initiatives (PFI) (Salleh, 2023). However, the reforms in Malaysia differ from those in Western countries, where privatisation arose from an ideological shift towards free market principles. Malaysian cities, on the other hand, have adopted state-driven policies that focus on mega infrastructure projects aimed at enhancing global competitiveness, with some scholars referring to such projects as “vanity projects” (Kozłowski et al., 2021). The high-profile megaprojects include Putrajaya, the skyscraper-filled commercial zone of Kuala Lumpur City Centre (KLCC), and the Multimedia Super Corridor (MSC). These projects have been pursued as part of the national strategy to position Kuala Lumpur as a world-class city and attract global capital through international investments. They embody modern urban spaces, typically built from scratch, to represent the “world city” spirit.

The transition from full government control to privatisation focuses mainly on profit and investment due to the need for funding and constant research and development to find new ways to build infrastructure. Despite this, the Malaysian government retains strong control over the privatised projects to safeguard public interests and maintain accountability, as well as to avoid monopolies and poor service quality. Although the neoliberal discourse argues for less government involvement, Malaysia is an example of an interventionist approach to market-oriented governance. The government actively supports market-oriented policies through public-private partnerships (PPPs) and regulatory frameworks that encourage private investment (Beh, 2010) (Brenner & Theodore, 2002). This dual function - promoting market mechanisms while maintaining government oversight — has influenced Malaysia's particular strategy in neoliberal urban policy.

The transformation driven by Malaysia's aspiration to position itself as a competitive economic power in Southeast Asia has consequently led to rapid urbanisation and infrastructure development. This has naturally led to an ongoing debate on the balance between private goods and public goods. While market mechanisms have increasingly overtaken state initiatives, it is fair to say that Malaysian urban planning under neoliberalism has followed a hybrid model where state-driven policy frameworks and national initiatives have co-existed with market mechanisms. The hybrid model of neoliberal urban planning in Malaysian cities has also led to a significant increase in property-based development. This model was the main driver of the country's economic growth during this period, as this development was aimed at capital appreciation and economic competitiveness.

## **2.2 Concepts of Incrementally Developed Areas (IDAs) and Privately Developed Areas (PDAs) in Urban Centres in Malaysia**

The parallel existence of incrementally developed areas (IDAs) and privately developed areas (PDAs) in Malaysian cities is an example of the socio-spatial divide created by neoliberal policies. These two development models have different characteristics and result in stark socio-economic contrasts that affect urban growth in very different ways. While IDAs tend to emerge organically over time with minimal formal planning or government support, PDAs are the result of formal planning and significant private investment targeted at affluent populations or commercial interests.

In IDAs, there are informal settlements, traditional villages or older, low-income neighbourhoods that have been created through community initiative rather than top-down planning. IDAs usually suffer from inadequate infrastructure and limited basic services due to their informal or semi-formal status. Kampung Bharu in Kuala Lumpur, for example, a historic Malay enclave, has largely resisted formal redevelopment to preserve its cultural identity and has grown incrementally despite being surrounded by modern high-rise buildings (Ujang, 2020; Hanafiah et al., 2021). Similar IDAs can be found on the outskirts or in between cities. These include villages such as Kampung Sungai Penchala in KL or Kampung Bakar Batu in Johor Bahru, which have retained their village character and community-oriented lifestyle even as urban development continues to encroach around them. These areas are characterised by ad hoc construction, communal land ownership (like Malay reserve land) and a lack of comprehensive urban services, reflecting the bottom-up nature of their development. IDAs also highlight the persistent inequality and marginalisation that can result from neoliberal urban policies. They often do not have the political influence or capital to achieve improvements and are therefore overlooked.

In contrast, PDAs are usually master-planned projects – such as gated housing estates, luxury high-rise complexes or new business districts – often realised through PPPs or by private developers on purchased land. They have modern infrastructure, from well-paved roads to advanced utilities, and offer amenities for middle- and higher-income groups. Examples include Mont Kiara and Bangsar South in Kuala Lumpur, upmarket enclaves with residential towers, international schools and shopping facilities, and Danga Bay in Johor Bahru, a mixed-use waterfront area. These areas are meant to symbolise modernity and economic progress. Mont Kiara, for example, was developed with expatriates in mind and offers exclusive condominiums and international schools (Ho et al., 2022). Unlike IDAs, PDAs are usually developed in prime locations or on newly developed land. PDAs emphasise capital-intensive construction and reflect a top-down planning strategy driven by market demand and profit motives rather than community development. PDAs represent the planned face of urban modernism and benefit from resources and policies that encourage real estate speculation and high-end investment.

The dichotomy between IDAs and PDAs leads to a disjointed urban landscape in which enclaves of affluence coexist with niches of deprivation. Affluent PDAs enjoy high-quality services and environments, while neighbouring IDAs struggle with poor housing quality, traffic congestion, and vulnerabilities due to their informal status (Ho et al., 2022). The presence of both types of areas in the same city is a vivid expression of unequal development: economic globalisation and growth are embodied by the shining PDAs, while traditional IDAs bear the brunt of relative neglect.

## **2.3 Socio-Spatial Inequality in Urban Contexts**

Neoliberal urban development has introduced or exacerbated several dimensions of inequality in Malaysian cities. Key aspects of socio-spatial inequality identified in the literature include inequality in income and wealth, access to infrastructure and services, gentrification and displacement, and spatial segregation.

Inequality in income and wealth distribution is evident between residents of PDAs, who generally have significantly higher incomes and greater wealth accumulation, and residents of IDAs. PDA residents often include professionals or economic elites who benefit from property value appreciation and better employment opportunities, while IDA residents tend to have stagnant or lower wages and limited upward mobility (Abdullah et al., 2022). These income disparities directly contribute to widening socioeconomic inequality in urban areas.

In terms of unequal distribution of quality infrastructure and public services, residents of IDAs have limited access. While PDAs tend to have sound infrastructure – well-maintained roads, reliable utilities, quality schools and health facilities – because these developments were often planned with such amenities in mind, IDAs often face inadequate or outdated infrastructure and patchy service provision due to their informal development (Kozlowski, M. et al., 2022). These inequalities in basic services (clean water, electricity, public transportation, etc.) lead to stark differences in living standards within the same city.

Meanwhile, gentrification and displacement are the result of urban renewal and redevelopment measures, usually aimed at transforming IDA neighbourhoods into higher value uses. The influx of wealthier newcomers and rising property values in or near IDAs exert pressure on long-time lower-income residents, often displacing them to cheaper outlying areas (Kozlowski et al., 2021). This process leads to the disintegration of established communities and social networks and exacerbates inequality by displacing vulnerable groups from well-located neighbourhoods.

Finally, the development of exclusive PDAs alongside neglected IDAs has led to pronounced spatial segregation. For example, the construction of gated communities and upscale condominiums creates physical and social barriers that separate affluent residents from marginalised groups. This fragmentation of urban space reinforces social polarisation and undermines the ideal of an inclusive city (Ho et al., 2022; Park, 2022). Segregation is not only physical, but also socio-economic, as different classes live in different urban worlds, limiting interaction and understanding between them.

The transition to market-oriented urban planning, the privatisation of services and the expansion of the property market in Malaysia have clearly exacerbated socio-spatial inequalities (Abdullah et al., 2022). PDAs stand as symbols of modern affluence, while IDAs reflect the ongoing struggles of marginalised urban communities. This context forms the basis for our study, which undertakes an empirical analysis of IDAs and PDAs in Kuala Lumpur and Johor Bahru to highlight these inequalities and suggest ways to bridge the gap.

## **2.4 Theoretical Framework**

This study is situated within the field of urban political economy, which examines cities as outcomes of capital investments, class relations, and neoliberal restructuring (Harvey, 2005; Brenner & Theodore, 2002). Neoliberal urbanism prioritises capital and property growth over fair outcomes. The rise of gated communities, luxury high-rises, and mega-projects in Malaysia mirrors this trend, linking local urban changes to global capital flows.

Malaysia departs from the Western neoliberal model by adopting a hybrid approach. State intervention continues to play a crucial role, not just as a regulator but also by actively supporting private investment via public-private partnerships and large infrastructure projects. This hybrid model shows urban governance's contradiction: the state pushes rapid growth but struggles to lessen resulting socio-spatial inequalities.

The concept of spatial justice (Soja, 2010) helps explain urban inequalities in Malaysia. Access to infrastructure, housing, and services is uneven, with IDAs representing marginalised, community-led areas and PDAs being capital-rich enclaves. This dualism reflects broader neoliberal trends, governance issues, and spatial justice debates.

## **3.0 RESEARCH OBJECTIVES METHODOLOGY**

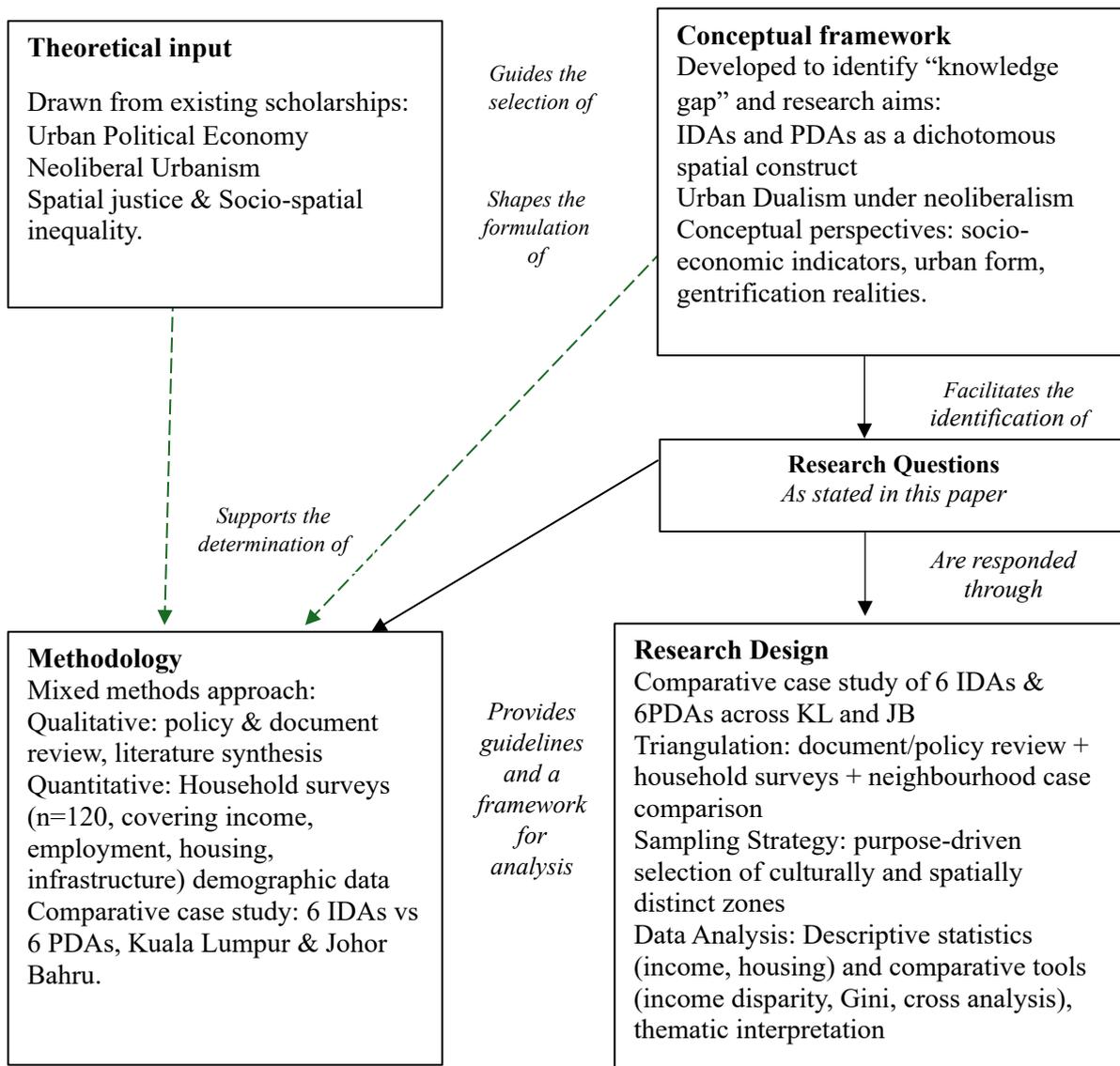
### **3.1 Aims and Objectives**

The primary aim of this study is to analyse the impact of neoliberal urban planning practices in Malaysia since the 1990s, particularly their role in transforming urban development patterns and contributing to socio-spatial inequalities in major cities. By examining phenomena such as informal settlement growth and gentrification, the study investigates how market-driven policies have reshaped the urban landscape and how

these changes have widened socioeconomic disparities over time. A further goal is to develop policy recommendations to improve social, economic, and infrastructural inclusion in Malaysia's urban development context. To achieve these aims, the research is guided by the following specific objectives:

- To examine the impact of two different development models – Incrementally Developed Areas (IDAs) vs. Privately Developed Areas (PDAs) – on the socioeconomic conditions of residents in each type of area.
- To analyse the influence of neoliberalism on urban planning outcomes, focusing on changes in governance, the built environment, and demographic trends in the cities.
- To assess the extent of socio-spatial disparities between IDAs and PDAs through statistical analysis of key indicators, with emphasis on economic well-being, housing conditions, infrastructure accessibility, and effects of gentrification.

### 3.2 Research Design



This study used mixed methods, combining policy review, household surveys (120 respondents) in six IDAs and PDAs in Kuala Lumpur and Johor Bahru, and case analysis. Respondents were purposively sampled for socio-economic and cultural diversity. Data included descriptive statistics (median income, housing costs, infrastructure access) and comparative measures (income disparity, Gini, cross analysis), plus thematic policy and case analysis. Guided by urban political economy and spatial justice, the research views IDAs and PDAs as interconnected, influenced by hybrid neoliberalism. This framework shaped case selection, socio-economic indicators, and the comparative approach, seeing settlement types as outcomes of Malaysia's hybrid neoliberal development. First, a qualitative review of urban planning documents, policies, academic literature and media reports was conducted to trace the evolution of Malaysian urban planning practices under neoliberal influence. This helped to contextualise the shift towards market-driven development and identify key issues (e.g. privatisation, informal settlements, gentrification) affecting urban inequality.

Following the review, quantitative surveys were conducted in selected IDAs and PDAs to collect information on economic status (income levels, employment), housing quality, access to infrastructure and demographic characteristics. Descriptive statistics were compiled from this data to summarize living conditions in IDAs and PDAs. Inferential statistical methods (such as comparative tests or indices) were then applied to measure the extent of socio-spatial inequality between the two types of areas.

Finally, a comparative case study approach was used to directly contrast conditions in IDAs and PDAs. By examining several paired examples of IDA–PDAs in two different cities, the study gains insights into how the development model influences outcomes. This comparative perspective helps to isolate the impact of the development approach (incremental vs. privately planned) on socioeconomic dynamics while accounting for broader urban trends.

This mixed methods framework triangulates the results of the study: The qualitative analysis provides depth and historical insight, while the quantitative analysis provides empirical evidence of inequalities. The comparative element ensures that the observed patterns are not limited to a single case but reflect broader phenomena in the Malaysian urban context.

### 3.3 Case Study Selection

Two major Malaysian cities – Kuala Lumpur and Johor Bahru – were chosen as the focus for case studies. These cities are the country's major commercial and metropolitan centers and thus embody the forces of urban growth and change under neoliberal policies. They are representative of broader patterns of urban development across Malaysia, characterized by both rapid expansion and stark inequalities. The focus on KL and JB allows us to capture the dynamics in the national capital region as well as in a major secondary city.

Within each city, three IDAs and three PDAs were selected for detailed analysis, resulting in a total of six case study areas per city. This selection captures a range of scenarios and ensures that the results are not merely anecdotal. By examining multiple sites of each type, the study is able to highlight similarities and differences between IDAs and PDAs, as well as contrasts between the two categories.

Table 1 provides an overview of the selected case study areas in Kuala Lumpur and Johor Bahru, including their type (IDA or PDA), their main characteristics and the criteria for their selection. Each area was selected based on its representativeness and significance: IDAs were selected for their historical and cultural significance and their typical informal challenges, while PDAs were selected for their significance as private showcase projects and their impact on the cityscape. This deliberate pairing allows for a meaningful comparative analysis of socio-spatial inequalities.

**Table 1.** Overview of IDAs and PDAs in Kuala Lumpur and Johor Bahru. Source: Author, Perbadanan Pembangunan Kampong Bharu (2025), Department of Statistics Malaysia (2025), World Bank (2024)

City	Area Name	Type	Characteristics	Selection Criteria
Kuala Lumpur	Kampung Bharu	IDA	Traditional Malay enclave, retains village character, resistance to redevelopment	Organic development, historical significance
	Kampung Sungai Penchala	IDA	Small Malay village, mixed traditional and modern elements, community-oriented living	Incremental growth, cultural heritage
	Kampung Pandan	IDA	Residential area with mixed housing types, facing infrastructure challenges	Organic development, lower-income community
	Bangsar South	PDA	Modern, integrated development with high-rise residential towers, office buildings, and retail spaces	Large-scale private investment, planned development
	Mont Kiara	PDA	Upscale suburban area with luxury condominiums, international schools, and expatriate community	Significant private investment, catering to high-income groups
	Taman Tun Dr Ismail (TTDI)	PDA	Well-planned residential area with mix of landed properties and condominiums, known for amenities and green spaces	Comprehensive planning, private sector-driven development
Johor Bahru	Kampung Bakar Batu	IDA	Traditional village near Danga Bay, organic growth with infrastructure challenges	Incremental development, cultural significance
	Kampung Melayu Majidee	IDA	Historic Malay village with diverse community, facing urbanization pressures	Organic growth, historical significance
	Kampung Kangkar Tebrau	IDA	Developed incrementally with limited planned development	Organic development, local community
	Danga Bay	PDA	Waterfront development with luxury residences and commercial spaces	Large-scale private investment
	Medini Iskandar Malaysia	PDA	Planned township with modern infrastructure and tax incentives	Significant private investment and planning
	Ibrahim International Business District (IIBD)	PDA	Central business district featuring high-rise buildings and commercial facilities	Planned urbanization driven by private sector

The research focuses on two major Malaysian cities: Kuala Lumpur and Johor Bahru, which were chosen as case studies because they are commercial centres of Malaysia and serve both domestic and international markets. These cities are representative of broader growth-oriented patterns of urban development across Malaysia.

Neoliberalism has led to significant changes in urban landscapes driven by speculative real estate markets and the financialization of urban development, where land and property are treated as financial assets rather than spaces for social value and community upliftment.

- i. In each city, three incrementally developed areas (IDAs) and three privately developed areas (PDAs) are selected for a comprehensive analysis:
- ii. Incrementally Developed Areas (IDAs): These include organically developed areas such as traditional Malay enclaves and informal community-managed residential areas, sometimes located on Malay reserve land. Bottom-up planning is usually carried out in these areas.

Privately Developed Areas (PDAs): These are planned settlements with modern infrastructure for affluent sections of the population, such as gated communities or upscale commercial areas.

By selecting three IDAs and three PDAs per city, a manageable sample is formed. It enables a meaningful comparative analysis and is in line with the limitations of the research article. This sampling method guarantees the representativeness of the different development models and enables a comprehensive analysis of socio-spatial inequalities.

### **3.4 Steps of the Analysis**

After selecting the case studies, the research focused on the two cities as comparative contexts. Kuala Lumpur and Johor Bahru were ideal because they are both experiencing the push-pull of neoliberal urbanism but differ in scale and maturity of development, adding depth to the analysis. Examining multiple IDAs and PDAs in each city ensures that the comparison captures internal variations and avoids generalizing from one exceptional case. This approach also meets the typical length constraints of research articles and ensures that each development model is well represented.

To summarize, the strategy for selecting the case studies was to use pairing (each city with multiple examples of each area type) to show how neoliberal planning outcomes manifest themselves in different settings. This framework provides a solid basis for examining how policy influences realities on the ground and for drawing lessons that are applicable to other Malaysian cities facing similar problems.

## **4.0 TRANSFORMATION OF URBAN DEVELOPMENT APPROACHES UNDER NEOLIBERALISM**

In recent decades, Malaysia's urban planning paradigm has undergone a significant shift from a state-led, welfare-oriented model to a neoliberal, market-oriented approach. This shift has its roots in the country's historical context and has profoundly influenced contemporary urban policy (Wiryomartono, 2020).

In the pre-liberal era, particularly during British colonial rule and the early post-independence period, urban development was relatively controlled and modest in scale. Colonial urban planning emphasized administrative efficiency and commercial infrastructure. Thus, port facilities, railroads and roads were built primarily for the extraction and export of resources (Mohd et al., 2024). Cities were also structured along segregated lines, with different zones for different ethnic communities as part of the colonial governance strategy (Karim, 2009). In the decades after independence (1950s–1970s), government policies, such as the Town and Country Planning Act of 1976, aimed at equitable development and the common good. Urban growth was tempered and guided by government initiatives such as public housing programs and infrastructure development to benefit broad sections of the population. This period saw slower, more controlled urban expansion with significant government oversight and direct service delivery.

The 1990s marked a turning point as Malaysia embraced neoliberal globalization to achieve rapid industrialization and economic competitiveness. The government's development agenda revolved around policies that encouraged private sector participation in urban development. Privatization became a cornerstone of this new approach: Essential services and assets in cities (e.g. public transportation systems, utilities and even some public spaces) were transferred to private operators or brought into public-private partnerships (Kozlowski, M. et al., 2022; Salleh, 2023). For example, private developers took on an important role in

infrastructure projects such as highways and transportation-oriented developments, often under concession agreements.

The urban policy of neoliberalism in Malaysia strongly emphasised property-oriented development. Real estate and land development were promoted as drivers of the national economy. This is evident in the wave of high-rise buildings, shopping malls and gated communities that mushroomed in the 1990s and 2000s (Kozłowski et al., 2021). The growing dominance of the private sector in shaping the urban landscape meant that commercial considerations often took precedence over community or social considerations. Government planning authorities increasingly acted as investment promoters by simplifying approval procedures and offering incentives to developers rather than directly implementing plans for balanced urban growth.

Malaysia's goal to become a fully industrialised nation by 2020 (Vision 2020) further accelerated the neoliberal urban transformation. Ambitious urban development projects were launched as symbols of progress: The Petronas Twin Towers became an icon for Kuala Lumpur's status as a global city, while Putrajaya embodied a new, privatised approach to building cities for administrative purposes. These projects, as well as initiatives such as the Kuala Lumpur International Airport (KLIA) and subsequent mega developments (e.g. financial districts, major transportation hubs), demonstrated the government's strategy of using public resources to encourage private investment in urban development.

An indicator of the neoliberal turn was the restructuring of municipal administration in favour of market mechanisms. City governments and federal agencies often entered into joint ventures with private companies for urban renewal and development projects (Brenner & Theodore, 2002). Regulations were adjusted to facilitate investment – for example, zoning regulations were relaxed in certain areas to allow for high-density commercial projects, and procurement processes were changed to allow for PPP models. At the same time, the government retained an interventionist streak: it continued to steer key development plans and occasionally intervened to ensure that projects were in line with national objectives (e.g. maintaining the commercial presence of the Bumiputera or preventing foreign over-dominance in strategic sectors).

The consequences of this neoliberal shift in urban planning are visible in all Malaysian cities. Rapid urbanization occurred, fueled by domestic and foreign investment in real estate. In many cases, public welfare considerations (such as affordable housing or the preservation of community spaces) took a back seat to profitability and growth metrics. Urban theory in Malaysia notes that the “hybrid” neoliberal model led to robust economic growth and modern urban infrastructure, but also brought new social and spatial challenges. For example, government leadership began to play a dual role: It promoted free-market urban development while trying to manage its externalities. This sometimes led to policy contradictions – for example, city governments promoted luxury estates and then later tried to address the shortage of affordable housing that these estates exacerbated.

In the 2010s, it became clear that while Malaysia's neoliberal urban development strategies have successfully transformed skylines and attracted capital, they have also exacerbated urban inequalities. The next sections look at these impacts on the built environment and the population and illustrate the concrete consequences of the policies described here.

## **5.0 IMPACT ON BUILT ENVIRONMENT AND POPULATION DYNAMICS**

### **5.1 Transformation of the Urban Environment through Neoliberal Policies**

The neoliberal turn in policy has profoundly reshaped Malaysia's urban fabric. One significant change was the privatization of urban services and infrastructure that began in the 1990s. Responsibilities for urban services such as public transportation systems, waste management and even some public facilities were transferred from government agencies to private companies (Kozłowski, M. et al., 2022). This was in line with neoliberal ideology as it reduced direct government involvement and introduced profit-oriented management of these services. While in some cases this increased efficiency or expanded services, it also led to unequal access – services in more affluent or economically viable areas improved, while less viable areas (often IDAs or low-income districts) saw little improvement as private companies had less incentive to invest there (Khalid & Zanudin, 2022).

Property-centric development became a major catalyst for urban growth. City planning policies were adjusted to favor large real estate investments, leading to a construction boom of high-rise buildings,

commercial complexes and gated communities (Kozlowski et al., 2021). Traditional neighborhoods and low-rise landscapes were rapidly transformed. In Kuala Lumpur, for example, the skyline filled with new condominiums and office towers, while older commercial districts were renovated or replaced. Government initiatives often provided the impetus – such as the release of government land for development or the approval of mega-projects – which were then carried out by the private sector. This focus on real estate as a driver of growth meant that urban regeneration projects focused on economic returns (Hashim, N. et al., 2023). An illustrative example of this is the planned redevelopment of 139 underutilized areas in Kuala Lumpur identified by the city authorities. These regeneration plans, reported by sources such as EdgeProp (2024), are typically focused on maximizing land value and injecting private investment, sometimes at the expense of the existing communities using these areas.

The emphasis on profit has often eclipsed social considerations, leading to gentrification and displacement of the established population. For example, developers targeting inner-city IDAs have introduced upscale projects that drive up property values (and property taxes), displacing long-term residents. In one reported scenario, the Kuala Lumpur City Council has attempted to entice developers to revitalize older residential areas with attractive incentives (EdgeProp, 2024). While such efforts modernize the city, they tend to prioritize economic gains over social equity and have resulted in long-established residents being pressured to move (et al., 2021). This dynamic is a form of state-sponsored gentrification.

Another feature of neoliberal influence is massive infrastructure projects designed to promote economic expansion. The development of extensive road networks, expressways and transportation hubs was central to urban growth. KL Sentral in Kuala Lumpur, for example, was developed as a privatized transport and commercial hub linking rail networks with office and retail space. It is an example of how infrastructure has been transformed into real estate – a trend described in *The Edge Malaysia* (2023) in relation to KL Sentral's role in attracting business investment. In Johor, the establishment of special economic zones such as Iskandar Malaysia also aimed to attract international investment and create a “globally competitive” urban environment (Raihan, A et al., 2023). Iskandar Malaysia, which opened in 2006, resulted in extensive new highways, ports and industrial parks. These advances have indeed improved connectivity and economic activity, but as critics note, they often focus resources on certain high-growth corridors while neglecting remote or low-income urban communities.

In essence, Malaysia's neoliberal urban policy has produced cities that are more fragmented in their built form. The clear physical demarcation between renewed, investment-intensive places and neglected, informally developed places has intensified. Gated communities and high-security condominiums in PDAs literally create barriers, while IDAs may continue to be characterized by narrow streets and outdated utilities. Although this approach has spurred urban modernization and helped Malaysia's cities achieve a modern, global image, it has also entrenched spatial inequalities related to economic status. The following sections examine how these changes in the built environment intersect with population dynamics and the lived realities of urban dwellers.

## 5.2 Emergence and Growth of IDAs and PDAs

Today's urban landscape of Malaysian cities shows a distinct geography of IDAs and PDAs, each following different growth trajectories. The incrementally developed areas (IDAs), often older neighbourhoods or former villages absorbed by urban expansion, have evolved piecemeal. Although they are in prime locations (such as Kampung Bharu in the centre of KL or Kampung Bakar Batu near the new development areas of Johor), these areas are usually ad hoc and face challenges in urban planning and infrastructure integration. Residents of IDAs often rely on community initiatives to improve their neighbourhoods, but without formal planning, these improvements are limited in scope. Over time, many IDAs have become increasingly constrained by the growth of the city – their expansion is restricted by surrounding development, leading to problems such as overcrowding and traffic congestion on small village streets.

In stark contrast, Privately Developed Areas (PDAs) have emerged as self-contained, planned environments aimed primarily at the affluent. These areas focus on creating enclaves of luxury and comfort. For example, Bangsar South in KL was planned to include office towers, shopping facilities and upmarket condominiums in an integrated development. Mont Kiara developed into a hub for expatriates and affluent locals and features high-rise gated condominiums with private security and amenities such as swimming pools and gyms. In Johor Bahru, Danga Bay has been designed as a waterfront lifestyle destination with theme parks, shopping malls and high-end apartments to attract both locals and international investors (especially given

Johor’s proximity to Singapore). PDAs are usually implemented through public-private partnerships or entirely private sector ventures, meaning their development is fast-tracked and follows a set plan. They often involve land reclamation or the conversion of previously public land to private use. Due to their planned nature, PDAs can have extensive infrastructure from the outset: wide roads, specialised utility networks and sometimes exclusive facilities (such as private hospitals or international schools). They advertise themselves as offering a safe, clean and modern living environment – often in contrast to the “chaos” or perceived insecurity of older neighbourhoods.

To summarise, the neoliberal era has produced two patterns of growth: PDAs exhibit rapid, investment-driven growth and become engines of population growth and economic activity (one PDA in Johor, Medini, plans to house nearly half a million people in a new city by 2030), while IDAs exhibit slow, organic growth or stagnation. The next sub-section examines how this different growth patterns affect population composition and shifts in cities.

### 5.3 Population Shifts and Demographic Changes

The different development trajectories of IDAs and PDAs have been accompanied by notable demographic shifts in Kuala Lumpur and Johor Bahru. On the one hand, PDAs tend to attract people – often younger professionals, higher income groups and expatriates – contributing to local population growth and a cosmopolitan mix. On the other hand, very different trends can be observed in IDAs: In some, the population is relatively static or declining as younger generations migrate, while in others it remains stable, albeit with aging residents and few newcomers.

Table 2 summarizes the population size and demographic characteristics of selected IDAs and PDAs in the two cities. It illustrates that PDAs tend to have larger or rapidly growing populations compared to IDAs and that their population profiles differ in terms of ethnicity and age structure.

**Table 2.** Population Dynamics and Demographic Changes in Kuala Lumpur’s and Johor Bahru’s IDAs and PDAs. Source: Author, Department of Statistics Malaysia (2025)

City	Area	Type	Population	Demographic Characteristics
Kuala Lumpur	Kampung Bharu	IDA	35,000 (est.)	Primarily Malay; ageing demographic; intense exposure to gentrification strains
	Bangsar South	PDA	70,000+ (working population)	Young professionals; mixed ethnic composition
	Mont Kiara	PDA	20,000 (est.)	Sizable expatriate community, mostly composed of Chinese residents; around 30 nationalities represented
Johor Bahru	Kampung Bakar Batu	IDA	7,500 (est.)	Traditional Malay village; under constant strain of modernisation/gentrification
	Danga Bay	PDA	75,000 (est.)	Increasing population; mixed local and foreign citizens
	Medini Iskandar	PDA	450,000 (planned by 2030)	Diverse; intended to appeal to foreign expatriate and businesses

Overall, a picture of demographic divergence emerges PDAs contribute to urban growth by accommodating a wealthier, younger and more mobile population (many of whom may be expatriates or short-term urban migrants), while IDAs are often home to an aging, entrenched population that is slowly shrinking

or under pressure. This has implications for the provision of services. For example, schools in IDAs may close due to declining numbers of children, while new schools open in PDAs to cope with the influx.

Understanding these population dynamics is critical for urban planners. Rapid population growth in PDAs means high demand for urban services and infrastructure in these areas, while a steady or declining population in IDAs could lead to neglect by city authorities (who may prioritize high-growth areas). In addition, population movements illustrate the human side of socio-spatial inequality: if people are indeed spatially sorted by income and opportunity, there is a risk that class distinctions will emerge in the city.

## 6.0 ANALYSIS OF SOCIO-SPATIAL INEQUALITY

### 6.1 Income Levels and Distribution

One of the clearest differences between IDAs and PDAs lies in the distribution of household income and wealth. The median household income in PDAs is about twice (or higher) than in IDAs in the same city. For example, in our case studies for Kuala Lumpur, the median household income in PDAs such as Bangsar South and Mont Kiara is over RM10,000 per month, while it is below RM5,000 per month in IDAs such as Kampung Bharu. Similarly, in Johor Bahru, a PDA such as Danga Bay has an estimated median income of over RM6,800, while a nearby IDA (Kampung Bakar Batu) has a much lower median income (often in the B40 low-income category, <RM3,000). These figures illustrate a two-tier economy within the urban area: affluent enclaves versus low-income enclaves.

Table 3 provides a comprehensive comparison of income distribution and related socioeconomic indicators for the two cities as a whole, contextualizing the environment in which IDAs and PDAs operate. It is noticeable that the total household income in Kuala Lumpur is higher than in Johor Bahru, but there is inequality in both cities. It also shows the Gini coefficient (a measure of income inequality) for each city, indicating the trend over time.

**Table 3.** Income Distribution and Socio-Economic Indicators in Kuala Lumpur and Johor Bahru

Indicator	Kuala Lumpur	Johor Bahru
Median Household Income	RM10,200	RM6,800
Mean Household Income	RM13,300	RM8,500
Income Percentiles		
- B40 (Bottom 40%)	Up to RM5,250	Up to RM5,250
- M40 (Middle 40%)	RM5,200 - RM11,800	RM5,250 - RM11,800
- T20 (Top 20%)	Above RM11,800	Above RM11,800
Gini Coefficient	37.833 (2016) 35.000 (2022)	35.400 (2016) 38.700 (2022)

**Table 4.** Income Profiles and Inequality Metrics in Incrementally Developed Areas (IDAs) and Privately Developed Areas (PDAs). Source: Author, Department of Statistics Malaysia (2025), (Economic Planning Unit (2024)

Area	Type	Median Household Income	Income Percentiles
Kampung Bharu (KL)	IDA	< RM5,000/month	Most in B40 category
Kampung Bakar Batu (JB)	IDA	Estimated < RM3,000/month	Majority in B40 category
Bangsar South (KL)	PDA	> RM10,000/month	Majority in T20 category
Mont Kiara (KL)	PDA	> RM10,000/month	Majority in T20 category
Danga Bay (JB)	PDA	Estimated > RM6,800/month	Mix of M40 and T20
Medini Iskandar (JB)	PDA	Estimated > RM6,800/month	Mix of M40 and T20

### 6.1.1 Employment Opportunities

Income disparities are closely related to differences in employment opportunities available to residents of PDAs compared to IDAs. PDAs tend to offer better access to formal jobs because they are often commercial centres or located near them, while residents of IDAs often rely on informal or local jobs with limited upward mobility. The employment rate and quality of employment in these areas reflect this gap. Table 5 compares key employment indicators in our case study areas, including estimated employment rates, predominant employment sectors, and residents' access to labour markets.

**Table 5.** Employment Outlook and Accessibility in Incrementally Developed Areas (IDAs) and Privately Developed Areas (PDAs), Source: Author, Department of Statistics Malaysia, n.d. (2025)

Area	Type	Estimated Employment Rate	Sector Employment Distribution	Access to Employment
Kampung Bharu (KL)	IDA	Moderate (estimated 60-70%)	Primarily informal sector work; restricted formal job prospects	Restricted access resulting from urban congestion and unregulated transportation or commuting options
Kampung Bakar Batu (JB)	IDA	Low to Moderate (estimated 50-60%)	Primarily informal sector; minimal presence of formal enterprises	Restricted access; dependence on local employment and informal transportation
Bangsar South (KL)	PDA	High (estimated 80-90%)	Robust presence of the services and technology sectors; high demand for skilled labour	Excellent accessibility owing to a strong infrastructure and efficient public transit system
Mont Kiara (KL)	PDA	High (estimated 80-90%)	Expatriate-oriented sector and services; significant need for experts	Excellent transport network such as direct connections with major roadways and highways, and public transport
Danga Bay (JB)	PDA	Moderate to High (estimated 70-80%)	Combination of residential, business, and tourism sectors; growing job opportunities	Decent connectivity with infrastructure development
Medini Iskandar (JB)	PDA	Moderate to High (estimated 70-80%)	Focus on services, education, and tourism; burgeoning employment prospects	Better access with planned infrastructure improvements

### 6.1.2 Justification of Estimates

The estimates were based on trends in urban development and socio-economic conditions. In the IDAs, lower employment levels were due to the prevalence of jobs in the informal economy and limited formal employment opportunities. In contrast, PDAs benefited from better infrastructure and transportation. These factors improved employment opportunities.

The economic dynamics in the IDAs and PDAs highlight the challenges posed by rapid urbanisation and neoliberal economic practises in Malaysia. The findings show that there is an urgent need for tailored interventions to reduce income inequality and improve employment prospects for residents of IDAs to promote equitable urban development.

**Table 6.** Income Profiles and Inequality Metrics in Incrementally Developed Areas (IDAs) and Privately Developed Areas (PDAs). Source: Author, Department of Statistics Malaysia (2025)

Area	Type	Average Housing Prices	Home Ownership Rates	Household Size	Access to Basic Services
Kampung Bharu (KL)	IDA	RM300,000 - RM500,000	40%	4.5	Limited access to clean water and sanitation
Kampung Bakar Batu (JB)	IDA	RM200,000 - RM400,000	35%	5.0	Limited access to electricity and waste management
Bangsar South (KL)	PDA	RM1,200,000 - RM2,000,000	80%	3.0	High access to clean water, electricity, and sanitation
Mont Kiara (KL)	PDA	RM1,500,000 - RM3,000,000	85%	3.2	Excellent access to all basic services
Danga Bay (JB)	PDA	RM800,000 - RM1,500,000	70%	4.0	Good access to clean water and sanitation
Medini Iskandar (JB)	PDA	RM600,000 - RM1,200,000	75%	4.5	Good access to basic services with ongoing improvements

### 6.1.3 Quality of Housing

The quality of housing in IDAs such as Kampung Bharu and Kampung Bakar Batu is generally worse than in PDAs such as Bangsar South and Mont Kiara. In IDAs, average property prices range from RM200,000 to RM500,000 and many houses are built with substandard materials and poorly maintained. The home ownership rate is 35-40%, reflecting the economic constraints that prevent residents from investing in better homes. In contrast, average house prices in the PDAs are higher (RM1,200,000 to RM3,000,000) and the home ownership rate (70-85%). This indicates a more stable economic climate that favours investment in high-end properties.

### 6.1.4 Impacts of Gentrification and Displacement

Gentrification – the process by which higher-income groups move into traditionally lower-income areas, gentrifying the homes and businesses, often displacing the original residents – has become a notable phenomenon in Malaysian cities in the wake of neoliberal development. The case of IDAs bordering thriving PDAs is particularly illustrative: as property values rise, there is increasing pressure to redevelop IDA land, leading to significant social impacts. We examine the tangible results of gentrification in terms of property values, local economic changes, displacement rates, and housing affordability. Table 7 shows some measurable impacts of gentrification in two IDA–PDA pairs (one in Kuala Lumpur and one in Johor Bahru) to illustrate the contrast between areas where gentrification is occurring and those that are driving it.

**Table 7.** Impacts of Gentrification and Housing Dynamics in IDAs and PDAs. Source: Author, Tatler Asia (2021), The Edge Malaysia (2023), The Standard (2019)

Metric	Kampung Bharu (KL)	Bangsar South (KL)	Kampung Bakar Batu (JB)	Mont Kiara (KL)
<b>Property Value Increases</b>	20-30% over 5 years	15-25% over 5 years	15-20% over 5 years	25-35% over 5 years
<b>New Business Development</b>	5-10 new businesses/year	20+ new businesses/year	3-5 new businesses/year	15+ new businesses/year
<b>Displacement Rates</b>	15-25% of residents	Minimal displacement	10-15% of residents	Minimal displacement
<b>Housing Affordability Index</b>	Declined by 30%	Declined by 20%	Declined by 25%	Declined by 15%

### 6.1.5 Impacts of Gentrification on Property Values

In IDAs like Kampung Bharu, property prices have surged in percentage terms (20–30% in five years), partly due to speculation. Investors anticipate future redevelopment (perhaps through the government's plans to modernize the area) and buy land from willing locals, driving up prices. However, since the original base value was lower, even a large percentage increase doesn't necessarily enrich residents significantly when they sell – and if they stay, their land may be worth more on paper, but it doesn't improve their daily lives, except that it might increase their property taxes. In PDAs like Mont Kiara, values have also increased (25–35%), but from a high starting point – greatly benefiting owners and investors in absolute terms. Bangsar South is seeing moderate increases (15–25%) as it is a mature area. Key to this is the downward pressure on the land value of IDAs: when PDAs flourish, IDA land is seen as 'untapped' potential for the next PDA, which increases its market value.

### 6.1.6 Impact on Original Residents and Communities

Gentrification has had a significant impact on the original residents. In Kampung Bharu, the affordability of housing for the original residents has dropped by ~30%. This means that if someone living there now wants to buy a house in their own community, it would be much more expensive relative to their income than before. Many members of the younger generation in the IDA communities cannot afford to buy a house in their neighbourhood due to price inflation and are therefore either renting small apartments or moving elsewhere. In Bangsar South, affordability has also dropped by ~20% but note that it was not affordable for low-income people to begin with – it mostly affects the middle class who can upgrade to larger units. The already high prices in Mont Kiara continued to rise, making it even more unaffordable except for the wealthy (down 15% on an already difficult index). In Kampung Bakar Batu, rents and prices rose with the surrounding development, reducing affordability by ~25%: some who used to rent cheaply there were displaced as landlords saw the opportunity to charge more from newcomers (such as construction workers or employees of the new developments). Essentially, gentrification has made IDA housing more expensive for the people who traditionally lived there.

The findings highlight the urgent need for policies that mitigate the negative consequences of gentrification to ensure that urban growth benefits a broader range of residents from all socioeconomic backgrounds. Addressing these challenges is critical to creating an inclusive urban environment that preserves community integrity while enabling economic growth.

## 7.0 DISCUSSIONS

### 7.1 Economic Polarisation in IDAs and PDAs

The results of this study reveal a complex but clear relationship between neoliberal urban policies and socio-spatial inequality in Malaysian cities. The contrast between incrementally developed areas (IDAs) and privately developed areas (PDAs) illustrates how market-led development can lead to extreme economic polarization at the neighborhood level. Essentially, PDAs have flourished as enclaves of prosperity, while IDAs have often fallen behind, resulting in an unequal distribution of resources and opportunities across the urban landscape.

One salient aspect of this polarization is the income and employment gap. PDAs such as Bangsar South and Mont Kiara in Kuala Lumpur have a median household income of over RM10,000 and a high employment rate (80–90% of people of working age have a permanent job). These areas benefit from strategic urban planning that has attracted businesses and high-skilled jobs, giving residents access to lucrative jobs nearby. In stark contrast, IDAs such as Kampung Bharu (KL) or Kampung Bakar Batu (JB) struggle with median incomes that are only half that (often below RM5,000) and many residents rely on precarious or informal employment. The heavy concentration of low-income earners in IDAs versus high-income earners in PDAs illustrates how neoliberal growth has been spatially selective, favoring certain zones and neglecting others. In essence, policies to encourage private investment and upscale development have channeled wealth into PDAs, sometimes literally at the expense of IDAs (e.g. through land acquisition).

Crucially, gentrification has acted as a mechanism of displacement and exclusion, increasing economic polarization. As mentioned earlier, places like Kampung Bharu are under intense development pressure; property values are rising beyond the means of locals, and a number of the original residents have relocated. Not only does this physically remove lower-income residents from certain valuable locations, but it also symbolizes the changing priorities – a shift from viewing the city as a social fabric to viewing it as real estate. Neoliberal urbanism tends to view land as a commodity (Harvey, 2005). This means that communities that cannot maximize the “exchange value” of their land (the market value) are eventually replaced by those that can. The result is that poverty is pushed outwards and inner cities become increasingly affluent. The economic opportunities arising from the central location are thus concentrated on the newcomers (who are often already better off) rather than revitalizing the original community.

## **7.2 Consequences for Urban Communities in Malaysian Cities**

The socio-spatial divide between IDAs and PDAs in Malaysian cities has profound consequences for the people living in these areas. It creates a fractured urban landscape where access to opportunities and quality of life is highly unequal and often linked to address or neighborhood. This polarization has a detrimental effect on marginalized socio-economic groups and poses a challenge to holistic urban development.

One of the most important consequences is the burden on marginalized communities. As urbanization accelerates and urban development is geared towards high-end projects, IDA communities come under increasing pressure. The case studies suggest that IDAs are at risk of further displacement, as evidenced by the exodus of Kampung Bharu’s youth seeking affordable lives elsewhere. The exodus of younger, economically active members can lead to a demographic imbalance (aging population in the community) and weaken the local economy and social support networks. Over time, some IDAs could wither as vibrant communities and either become low-income ghettos or be completely transformed by outside influences if no action is taken.

## **7.3 Challenges and Opportunities in Addressing Socio-Spatial Inequality**

Bridging the socio-spatial divide in Malaysia’s urban areas presents both major challenges and potential opportunities. The entrenchment of neoliberal policies over the past three decades means that unequal development patterns are deeply woven into the urban fabric and reversing or even mitigating them will require concerted efforts on multiple fronts.

A major challenge is the momentum of existing policies and power structures. Neoliberal urban development in Malaysia has been driven by a coalition of stakeholders – private developers, investors and often government agencies with revenue incentives – that prioritise market-led growth. These interest groups have benefited from the status quo and may oppose reforms that threaten entrenched financial interests associated with real estate and infrastructure deals. For example, the introduction of stricter affordable housing quotas or the halting of a lucrative high-end project could be resisted or lobbied against on social grounds. This means that any policy shift towards greater equity is likely to be met with political resistance, as it will inevitably require a rebalancing of who benefits and how.

The shift in political discourse also presents an opportunity. The discussion in urban planning is gradually shifting from pure growth metrics to ideas of quality of life, sustainability and inclusivity (as seen in global frameworks such as the UN Sustainable Development Goals, which include the integration of cities). Malaysia, which is well integrated internationally, can draw inspiration and even technical support from these evolving norms. Adopting ideas such as the “right to the city” – meaning that all residents are entitled to a say in the city’s future and a share of its benefits – could reshape local politics.

Innovative financing methods (e.g. community land trusts or social impact bonds) can be explored to fund affordable housing programmes and infrastructure improvements in IDAs. By prioritising investments that benefit low-income neighbourhoods, Malaysia can make efforts to reduce socio-spatial inequalities while promoting sustainable urban development.

## 8.0 POLICY RECOMMENDATION

The study emphasises that incomes in IDAs are notably lower than in PDAs, highlighting the importance of inclusive economic participation. This can be achieved through targeted subsidies, micro-financing, and training programmes that expand the urban economy and help reduce long-term inequality. Additionally, the risk of displacement due to gentrification in IDAs necessitates affordable housing measures like rent controls, subsidies, and inclusionary quotas in PDA developments to retain original residents. While PDAs tend to be isolated, IDAs often lack essential infrastructure, making it crucial to promote mixed-use zoning and invest in public transport, healthcare, and education in underserved areas to bridge service gaps and encourage integration. Moreover, the limited influence of IDA residents in planning processes calls for formal community participation via workshops, forums, and focus groups to ensure planning aligns with social justice principles. Lastly, addressing the social divide between PDAs and IDAs can be achieved through integration initiatives such as shared transportation and cultural projects, which can reduce segregation and demonstrate the mutual benefits of inclusive investment to PDA residents.

## 9.0 CONCLUSIONS

The examination of incrementally developed areas (IDAs) and privately developed areas (PDAs) in Kuala Lumpur and Johor Bahru uncovers a consistent urban dualism: PDAs represent wealth and globalized growth, whereas IDAs signify marginalization and neglected infrastructure. This contrast illustrates the ongoing effects of hybrid neoliberal urbanism, where government support for private-led expansion results in uneven development throughout the city. From an urban political economy perspective, findings show that capital-driven growth favours PDAs, while a spatial justice approach reveals significant disparities in income, services, and opportunities for communities in IDAs.

The findings highlight the importance of inclusive governance. Income disparities demand targeted economic strategies for IDA residents, while gentrification risks call for affordable housing to prevent displacement. The infrastructure gap requires investment in transport, healthcare, and education in underserved areas. The limited voice of IDA residents calls for institutionalized community participation. Lastly, closing the social gap between IDAs and PDAs needs integration measures to promote cohesion and mutual benefits.

By linking these findings to policy, the study offers a roadmap for urban development that is economically vibrant and socially equitable. It shows how Malaysia's hybrid neoliberalism creates dualistic spatial outcomes and extends the debate on spatial justice into Southeast Asia.

In summary, Malaysian urban planning has an opportunity at this point to recalibrate itself away from a growth-at-all-costs mentality to one that emphasizes inclusive prosperity. By placing social justice goals at the heart of its urban development strategies, Malaysia can cultivate cities that are both competitive and compassionate – thriving urban centers where all citizens have the opportunity and ability to thrive.

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