



Malaysia Property Market Report

Q1 2022

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PropertyGuru

Country Manager's Note

The property market continued on a gradual trend of improvements in Q4 2021, following the liberalisation of movement controls and economic activity in the final quarter of 2021. A high vaccination rate, increased business activity and a moderation of the unemployment rate to 4.3% in Q4 2021 (the lowest since Q2 2020) resulted in an uptick in overall property market activity.

Going forward, however, the market faces new complexities in terms of consumer confidence, as COVID-19 continues to be a factor in our lives, and as economies around the world continue to find their footing in an altered social and commercial landscape.

With this in mind, PropertyGuru DataSense is evolving the Malaysia Property Market Report (MPMR) with the inclusion of additional data to best capture the mood and trends of the market with a new, clear and concise methodology.

The MPMR Q1 2022 report will be based on three main indices; the Price Index, Supply Index as well as a newly introduced Demand Index that will cover both the sale and rental markets.

Q1 2022



Rental Price Index
QoQ: 0.74%



Rental Supply Index
QoQ: 13.78%



Rental Demand Index
QoQ: 30.53%

The rental market is the one to watch in the current quarter, as demand for rental properties increased by 30.53% QoQ and 57.91% YoY. This is especially since rental prices remain subdued at just 0.74% QoQ growth, while it dipped by 2.91% YoY. A Rental Supply growth of 13.78% QoQ in Q4 2021, following four consecutive quarters of negative growth, indicates that the market is already catching on to this trend.

Country Manager's Note

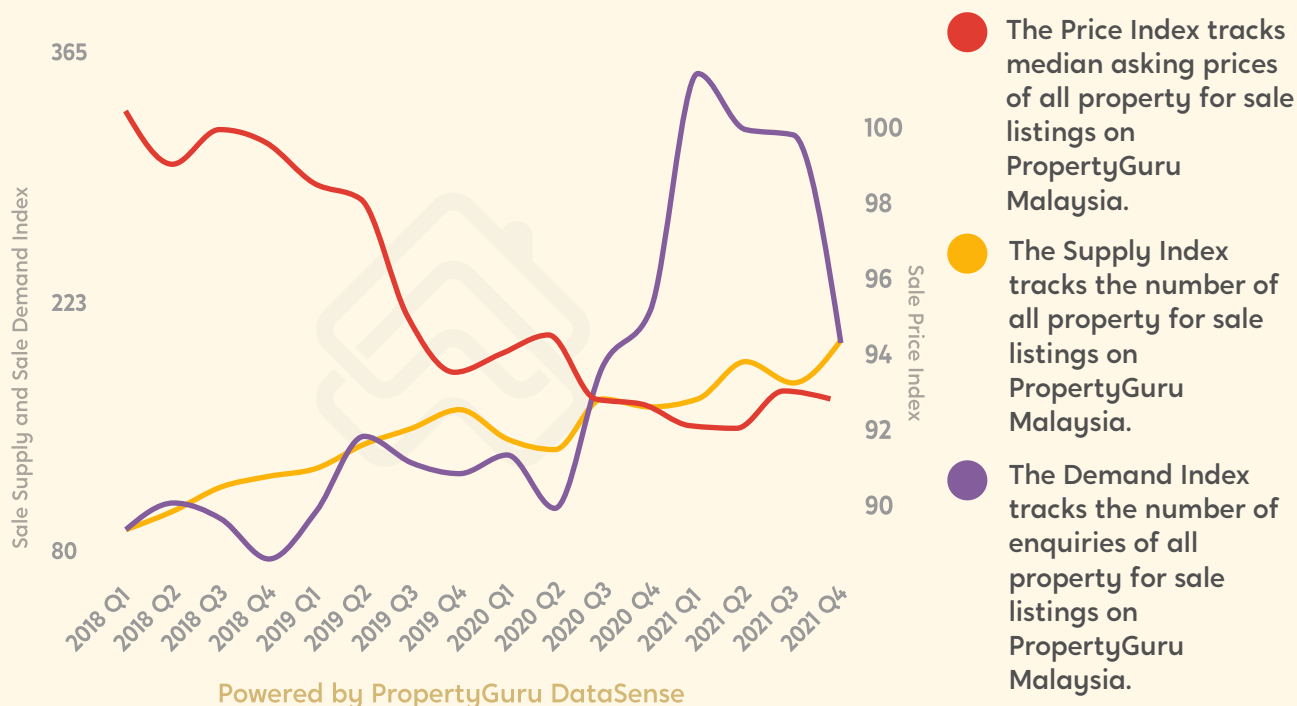
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Driving the market forward in the coming year will be attractively-priced landed properties in good locations – particularly terraces – as these continue to be in high demand among potential buyers. Meanwhile, renters are prioritising apartments and condominiums in centralised locations, which is positive news for the surplus of high-rise options in the country.

Shylendra Nathan

Country Manager,
PropertyGuru Malaysia

PropertyGuru Malaysia Property Market Sales Index Q1 2022



Note: In addition to the changes in the data set and computation methods used, the indices in the new Malaysia Property Market Report use Q1 2018 as the Base Quarter. In previous reports, the indices used Q4 2016 as the Base Quarter.

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Property prices contracted slightly by 0.19% QoQ in Q4 2021, ending on a weaker note than the 0.92% growth in the preceding quarter.



The Sale Supply Index moved upwards by 13.54% QoQ, following negative growth in the previous quarter.



Potential buyers continue to face difficulty in attaining loans in the current climate as banks continue to be conservative about loan approvals.



Demand in the rental market rose sharply by 30.53% QoQ and 57.91% YoY, and it is expected to grow further in the current quarter as some consumers shift their focus from buying to renting.

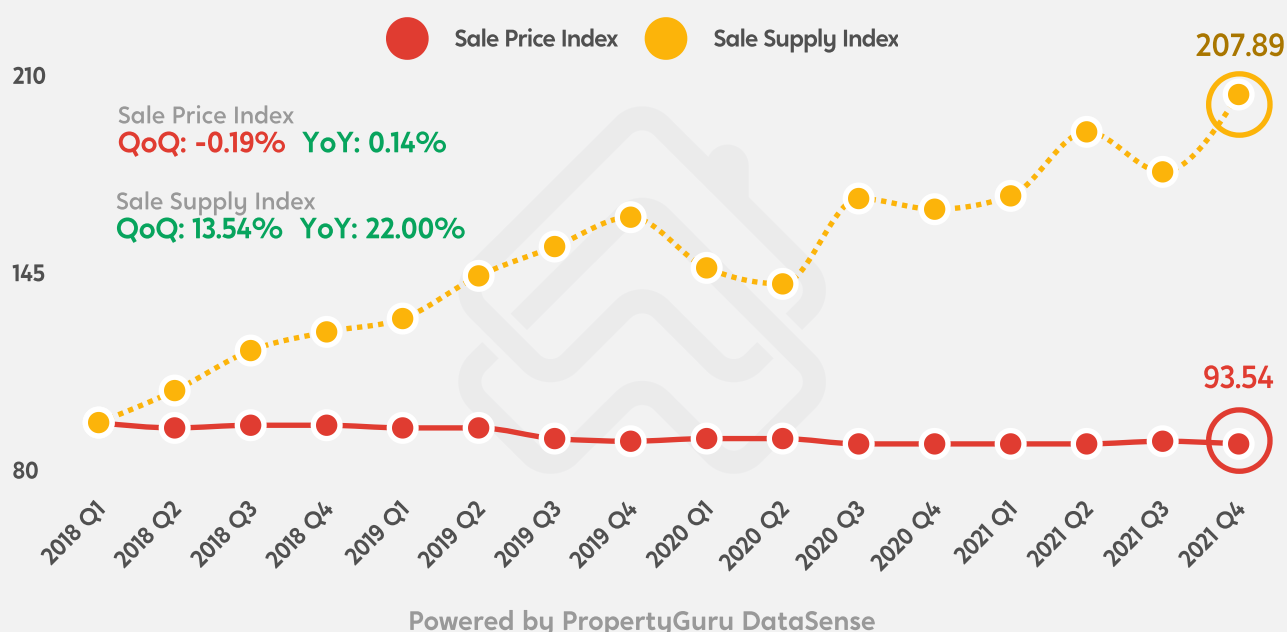


Landed properties remain the top choice for purchasers, representing the highest volume of transactions, while renters continue to focus on high-rise options within established urban locales.

Malaysia Property Sale Market Index

Market momentum slows down, but cautious optimism remains on the back of a more positive outlook for the national economy in 2022

PropertyGuru Malaysia Property Sale Market Index Q1 2022



Overall, the property market ended on a weaker note in Q4 2021 than the previous quarter. The Sale Price Index, which measures the confidence of sellers via asking prices listed on PropertyGuru.com.my, saw a slight drop of 0.19% QoQ in the final quarter of last year, in contrast to the 0.92% QoQ growth registered in Q3 2021. While yearly price movement showed an uptick of 0.14% YoY, this was a slight contraction on the 0.17% YoY growth in the previous quarter.

Despite this, the market remains cautiously optimistic about continued improvements in the general market environment as the year progresses, on the back of better economic conditions as the GDP is forecasted to expand to 5.5% - 6.5% in 2022.

Consumer confidence gradually improving, but it remains challenging for home seekers

While COVID-19 continues to be an overshadowing factor, our National Immunisation Programme has already successfully vaccinated 97.7% of Malaysia's adult population, and has now advanced to administering booster shots for adults and vaccination for children. This will certainly play a key role in improving consumer sentiments as the year progresses.

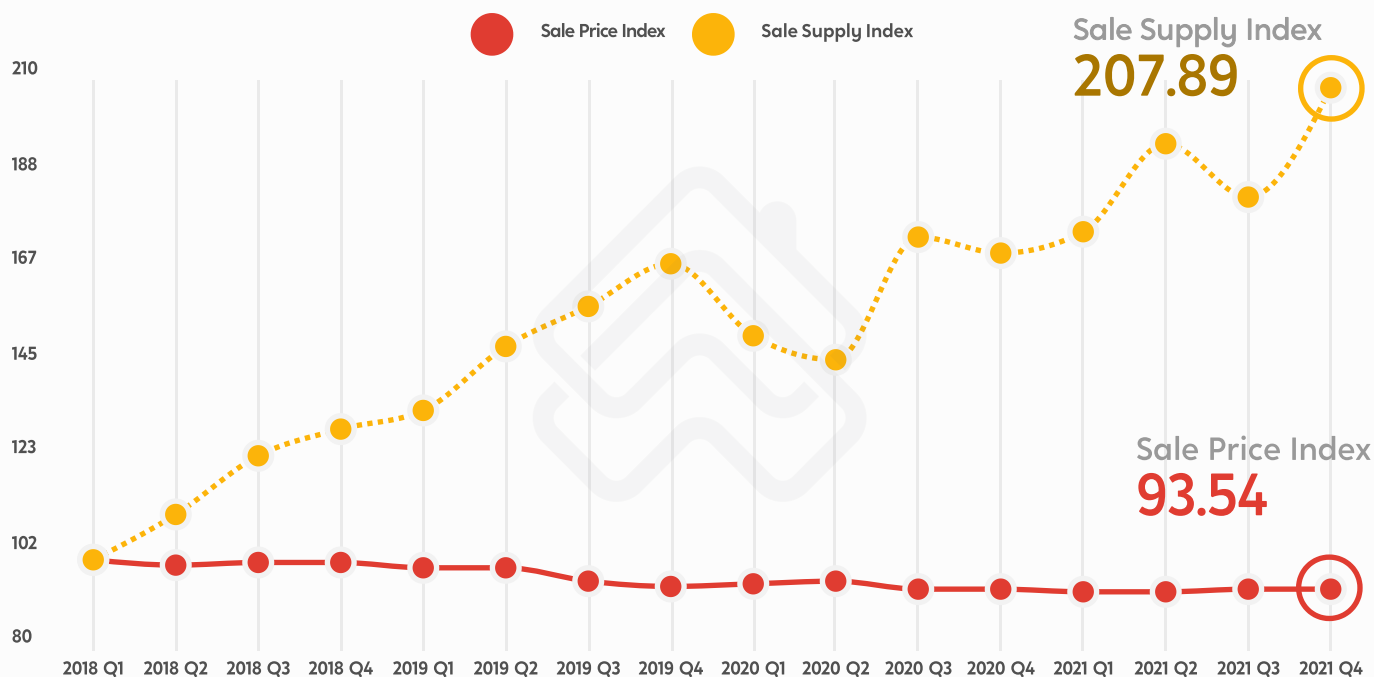
The Sale Supply Index, which provides a view of supply trends through the volume of newly launched and resale property listings on PropertyGuru.com.my, reflects some of this confidence. In Q4 2021, supply moved up by 13.54% QoQ, following negative growth in the previous quarter. Supply also grew by 22% YoY, compared with 5.3% YoY growth in the preceding quarter.

However, the property market does face some immediate challenges. Among them is a lack of incentives for buyers since the government-initiated Home Ownership Campaign (HOC) ended on Dec 31, 2021.

Institutions such as the Real Estate and Housing Developers Association (REHDA) have argued that the HOC has been a boon during tough times, contributing to residential sales worth over RM48 billion (after discounts). As such, its early removal just as the market begins to find its footing will impact buyer confidence and put further pressure on financial indicators in the near term.

Furthermore, no additional incentives targeted at home buyers were announced under Budget 2022, tabled in November last year. The government instead is focussing on a wider approach to economic resuscitation, allocating RM332.1 billion on infrastructure projects and funding schemes that will enhance employment and support small and medium businesses.

MPMR's Sale Demand Index, which represents the proportion of interested property seekers based on inquiries for homes listed on PropertyGuru.com.my, captured a sizeable 36.56% QoQ drop in interest during Q4 2021. From a yearly perspective, the index saw a 7.7% YoY decline.



↑ 0.14%

Sale price index
increase year-on-year



↑ 22.00%

Sale supply index
increase year-on-year



↓ -7.87%

Sale demand index
decrease year-on-year

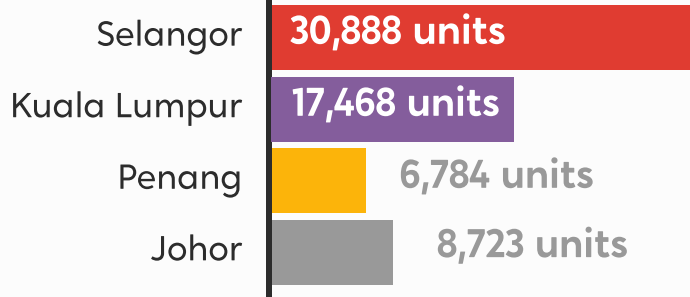


Landed vs high-rise

Landed properties outperformed high-rise as space and privacy are still top motivators among buyers

A boon to 2021 sales

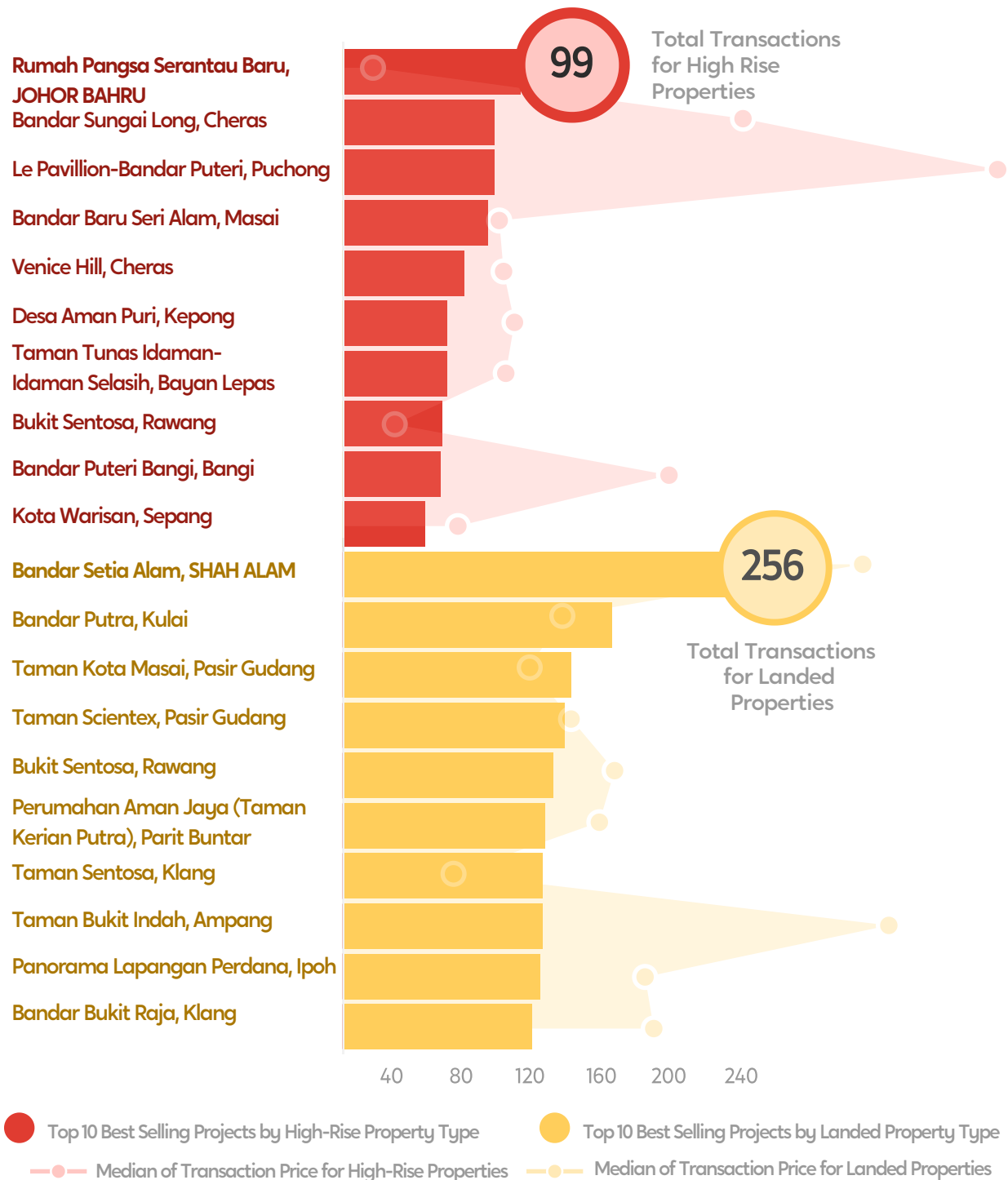
HOC contributed to residential sales worth RM48 billion (after discounts)



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Top 10 Best Selling Projects

Landed properties have outperformed high-rises, indicating that space and privacy are still top motivators among a varied set of buyers from different income brackets



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Projects in fast-growing districts are now gaining as much attention as property options well-established sought-after locales

Our analysis of the best performing projects in the country reveals a mixed bag of motivators for different income sets. A common denominator, however, is the fact that projects that offer landed properties have outperformed high-rises, indicating that a desire for spacious private surroundings continues to be in high demand.

Leading the list is Bandar Setia Alam, which despite transacting at a median RM709,000, has attracted considerable attention for its urban-priced homes because of its sought-after locale within a self-sustaining township. Offering good accessibility, commercial conveniences, educational facilities, leisure amenities and job opportunities, the township has been steadily attracting upgraders and growing families from around the Klang Valley.

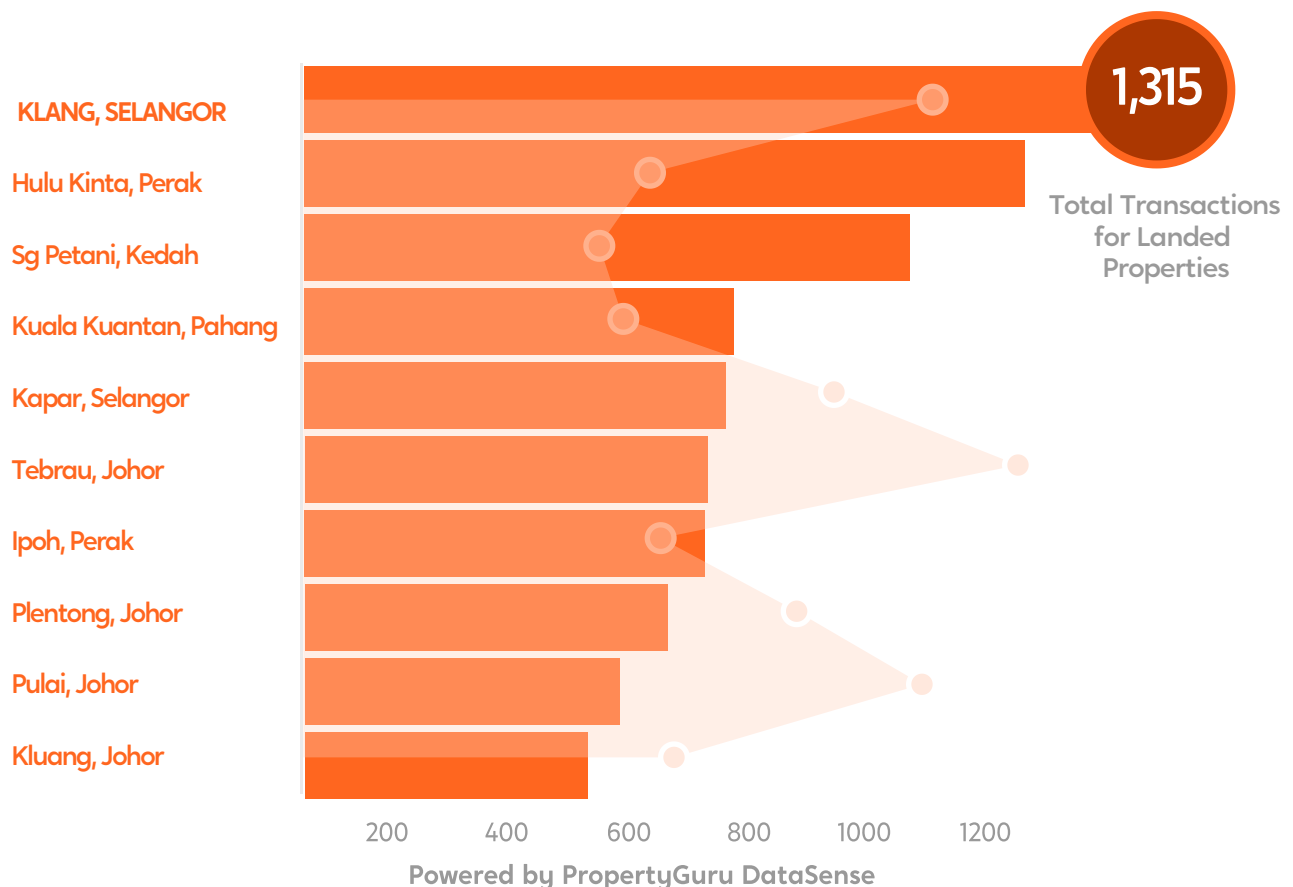
Other top three performers include Taman Kota Masai in Pasir Gudang, Johor, and Bukit Sentosa in Rawang, Selangor, both transacting at relatively affordable median prices of RM300,000 and RM255,000. In addition to offering an attractive price point for landed homes, both projects are located in earmarked growth areas, with strong potential for capital appreciation.

Taman Kota Masai in Pasir Gudang benefits from the continued growth of industrial, petrochemical and logistics industries, as it continues to evolve as a key economic hub for the southern state. Bukit Sentosa too will benefit from Rawang's role in the northern expansion of the Klang Valley. Already experiencing a population boom, the township will soon have a key East Coast Rail Link (ECRL) station within the district, which will provide a further catalyst for growth.

The best performing high-rise project is Rumah Pangsa Serantu Baru in Johor Baru, which addresses pent-up demand for affordable properties in the state's capital district. Units are priced at a median of just RM40,000.

Top 10 Transacted Areas

The best performing locations reflect the market's current appetite for landed living as areas that offer convenient access and conducive environment top the list



Given that landed properties currently dominate transactional activity in the market, the top performing areas are largely defined by locales that provide conducive and convenient environment for landed living.

Klang in Selangor was the best performer since Q4 2020, based on the volume of property transactions in the area. Recent growth, buoyed by improved infrastructure and enhanced accessibility has given the port town renewed appeal as a residential haven in recent years. This coincides with the ongoing modernisation of its landscape and the continued importance of Port Klang as the country main point of shipping entry.

With landed properties transacting at a median of RM509,750, Klang also represents an attractive alternative option for landed home seekers in the Klang Valley, where prices are typically above the RM800,000 mark in other established areas within the region.

Also performing well is Hulu Kinta in Perak, a broad district that includes Ipoh City. The vicinity has always been attractive because of its combination of surrounding greenery and urban conveniences, but recent development activity in the area is now providing the landscape with updated modern homes and contemporary lifestyle facilities. As such, the opportunity for upgrades is now driving demand in the vicinity.

Area focus

PropertyGuru Malaysia Property Market Report Q1 2022

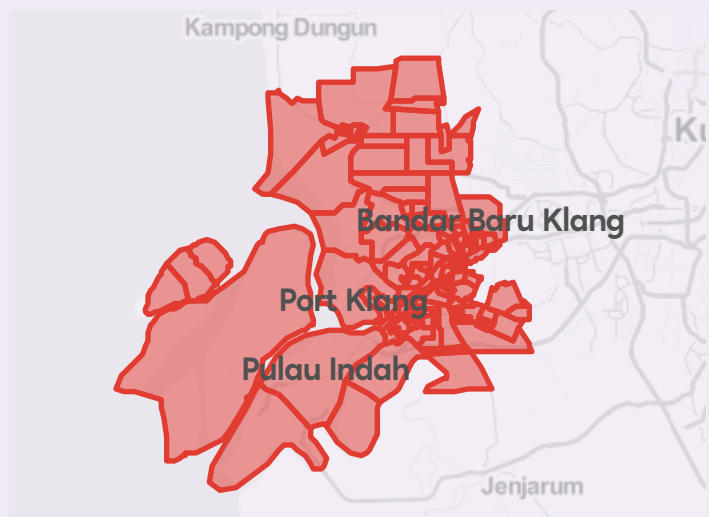
Klang

Price Index: 122.00

YoY | 5.43%

Supply Index: 605.34

YoY | 30.18%



Total Price Index

+0.83%

QoQ



Total Supply Index

+4.24%

QoQ



Total Demand Index

-37.47%

QoQ

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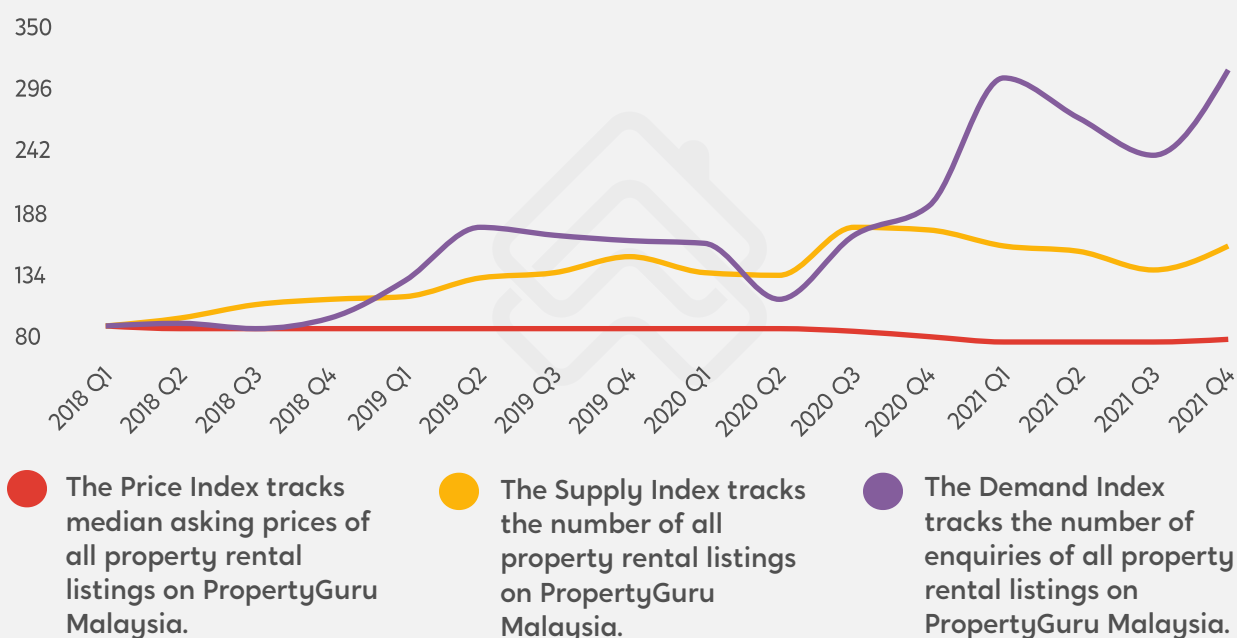
Malaysia Property Rental Market Index

Rental prices begin to tick upwards in tandem with a significant rise in demand, while supply of rental properties also see a big increase

Rental prices saw upward movement in Q4 2021, registering 0.74% QoQ growth on the Rental Price Index despite being in negative territory in the previous quarter. On a yearly basis, however, rental prices continued on a declining trend by dipping by 2.91% YoY. Even so, this was an improvement on the 7.93% YoY drop it registered in the previous quarter.

The Rental Supply Index also saw an increase of 13.78% QoQ, despite registering a 7.9% YoY drop. This too was an improvement on the 19.86% YoY decline registered in the preceding quarter.

PropertyGuru Malaysia Property Rental Market Index Q1 2022



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Overall, the data points to an improving rental market, which can be explained by increasing demand for rental properties. The Rental Demand Index found that demand increased substantially in Q4 2021, with a hike of 30.53% QoQ and 57.91% YoY.

This is especially prominent when compared against the 11.83% QoQ drop in rental demand registered in Q3 2021, signifying a notable change in trend.

The trend could be indicative of shifting priorities among some home seekers who continue to face challenges in securing a home purchase in the current uncertain economic climate. As a result, they might now be refocussing on rental options as a means to make lifestyle improvements.

Bank loans continue to be difficult to attain by those with insufficient savings or disposable monthly income, while would-be homebuyers do not feel financially secure enough to risk committing to a long-term loan at this time.

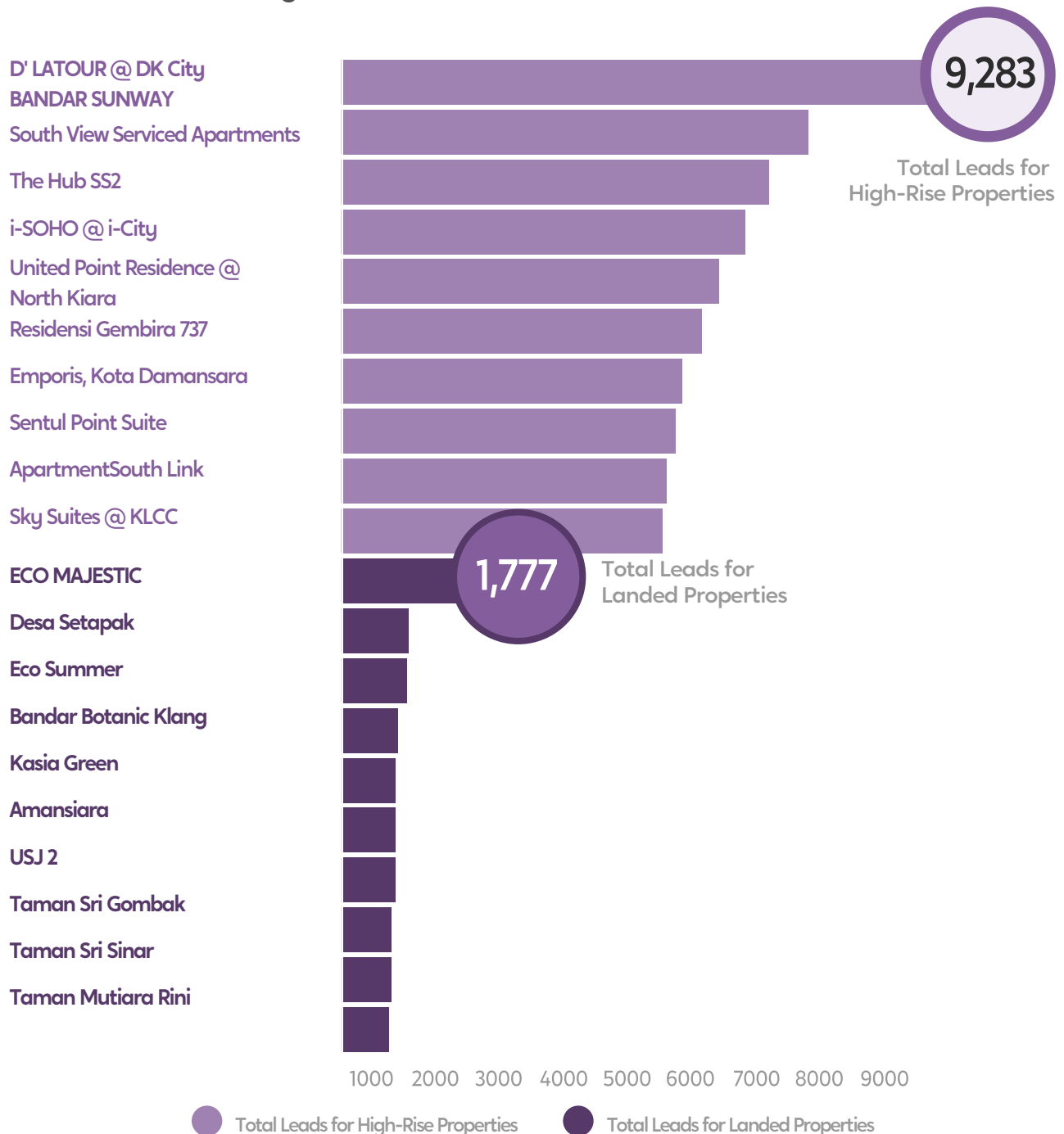
More insight is offered by the [PropertyGuru Malaysia Consumer Sentiment Study H2 2021](#), which found that 84% of Malaysians still prefer homeownership as a long-term solution. However, 46% of those surveyed said they intend to continue renting for the next two years, before making a home purchase, while 33% of those currently renting do not have a clear timeline or plan on when they will consider home ownership.

According to the study, among the top reasons cited for opting to rent is insufficient savings and high prices, while younger Malaysians chose to rent because they do not feel the urgency to buy. Even among survey respondents who are keen to purchase a property, property prices continue to be a major deterrent, while the inability to secure a home loan or raise the down payment sum were identified as other top barriers.

This situation could see demand for rental properties continue to rise in the current quarter as potential homebuyers temporarily put purchasing plans on hold to ride out this period of economic volatility. Instead, they will choose to satisfy their upgrading needs with short-term rental options.

Top 10 Best Performing Projects Among Renters

High-rise projects are the best performing rental properties, generating demand from those who enjoy the convenience of a central location and a vibrant lifestyle.



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Dynamic locations within the Klang Valley prove to be top rental destinations for those seeking an active lifestyle within the pulse of urban surroundings

D' Latour @ DK City Bandar Sunway in Subang Jaya appeals with the commercial, retail and entertainment ecosystem that its surroundings has to offer. Famed for its shopping, leisure and medical facilities, properties in Bandar Sunway have always enjoyed strong demand among Klang Valley buyers and D'Latour is attracting modern urbanites who enjoy the pulse of a vibrant environment.

Another popular vibrant suburb is Bangsar South, which is why South View Serviced Apartments is also performing well. The centrally located vicinity, also offers convenient access to Bangsar, Kuala Lumpur city and Petaling Jaya, also makes it a strategic vicinity to live in, with quick access to work or a host retail and entertainment options found in neighbouring urban hubs.

The Hub SS2, located in Petaling Jaya, Selangor, is a mixed development with residential and commercial components. The convenience of retail and F&B options at the doorstep has made it a popular place to rent. Modern homes with aesthetic design, combined with amenities such gardens and a sky pool has made it popular among those who enjoy a convenient lifestyle within Petaling Jaya city.

The best performing landed rental properties since Q4 2020 are located within the 1,089-acre Eco Majestic in Semenyih, Selangor. The self-sustaining township is proving to be a catalyst for modernisation in Semenyih, with its introduction of modern and spacious homes to a previously aged landscape. The development is currently attracting lifestyle upgraders from within the area and beyond, as few similar residential options are available in the vicinity.

Conclusion

Recovery of the property market will continue to be closely linked with the overall health of the national economy, so any positive news on that front will have a beneficial spillover effect on the property sector. The expected 5.5% to 6.5% expansion of GDP growth will certainly boost consumer confidence, income security and impact buyer behaviour as the year progresses.

In the meantime, demand for property purchases will continue be driven attractively-priced landed properties in strategic locations. The rental market will grow as demand increases among those who opt to put off purchasing plans during this period of economic uncertainty.

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Improvements on the property market is expected to occur at a gradual, steady, and measured pace. In the meantime, the rental market will grow as demand increases among those who opt to put off purchasing plans during this period of economic uncertainty.

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Shylendra Nathan

Country Manager,
PropertyGuru Malaysia

About This Report

Buying a home is one of the most difficult decisions of our lives. It is also likely to be the most expensive decision. When committing to a home purchase, it is important to be equipped with relevant and sufficient information so that the decision can be made confidently.

PropertyGuru wants to simplify this process for property seekers, including first-time homebuyers and existing homeowners who might be looking into buying their second or third properties. In that vein, we created this report to help Malaysians understand the movement of the property market better, so that property buyers can gain greater insight on current price trends that are in line with market sentiments, and to try to time their property purchases better.

As a leader in the real estate market in Malaysia, PropertyGuru processes a vast amount of real estate data daily, providing us with the necessary data to crunch, and deliver in-depth insights to all Malaysian home seekers.

In this report, we look at pricing, demand and supply indices of residential properties in Malaysia, in various locations, and across different property types, to provide a comprehensive overview of property market dynamics across the city-state.

Methodology

Using a range of statistical techniques, the data from over 500,000 listings on PropertyGuru Malaysia is aggregated and indexed for the quarterly Malaysia Property Market Report, powered by PropertyGuru DataSense. The report presents three main indices – the Price Index, Supply Index, and Demand Index, for both the sales and rental markets. This offers meaningful insights on the Malaysia residential property market price fluctuations and supply-demand trends.

The Price Index is indicative of sellers' optimism, based on the prices on PropertyGuru Malaysia that developers and homeowners feel they can get for their respective properties. This is complemented by the Supply Index, which provides a view on supply volumes in the market through the number of new launch and resale property listings on PropertyGuru Malaysia. The responsiveness of home buyers and tenants to the Price and Supply Indices is shown in the Demand Index, which represents the proportion of interested property seekers for homes listed on the platform.

For the Property Market Report Q1 2022, the Price, Supply and Demand Indices will use Q1 2018 as the base quarter. Prior to that, the PropertyGuru Malaysia Property Market Index was computed using a different methodology, using Q4 2016 as the base quarter. Powered by PropertyGuru DataSense, the Malaysia Property Market Report is further enriched by utilising historical property transaction data.

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About PropertyGuru DataSense

PropertyGuru DataSense is the leading data technology partner in the property market – providing big data, analytics and solutions to help our partners utilise actionable insights and technology to achieve their business goals.

About PropertyGuru Malaysia

PropertyGuru is an online property website in Malaysia, with more than 5 million monthly visits* and over 500,000 home choices as recognised by the Malaysia Book of Records. Voted "Top Brand in Online Property Search" by property seekers, PropertyGuru is the most preferred destination for Malaysians to find and own their dream home. The company is part of PropertyGuru Group, Southeast Asia's leading property technology company.

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