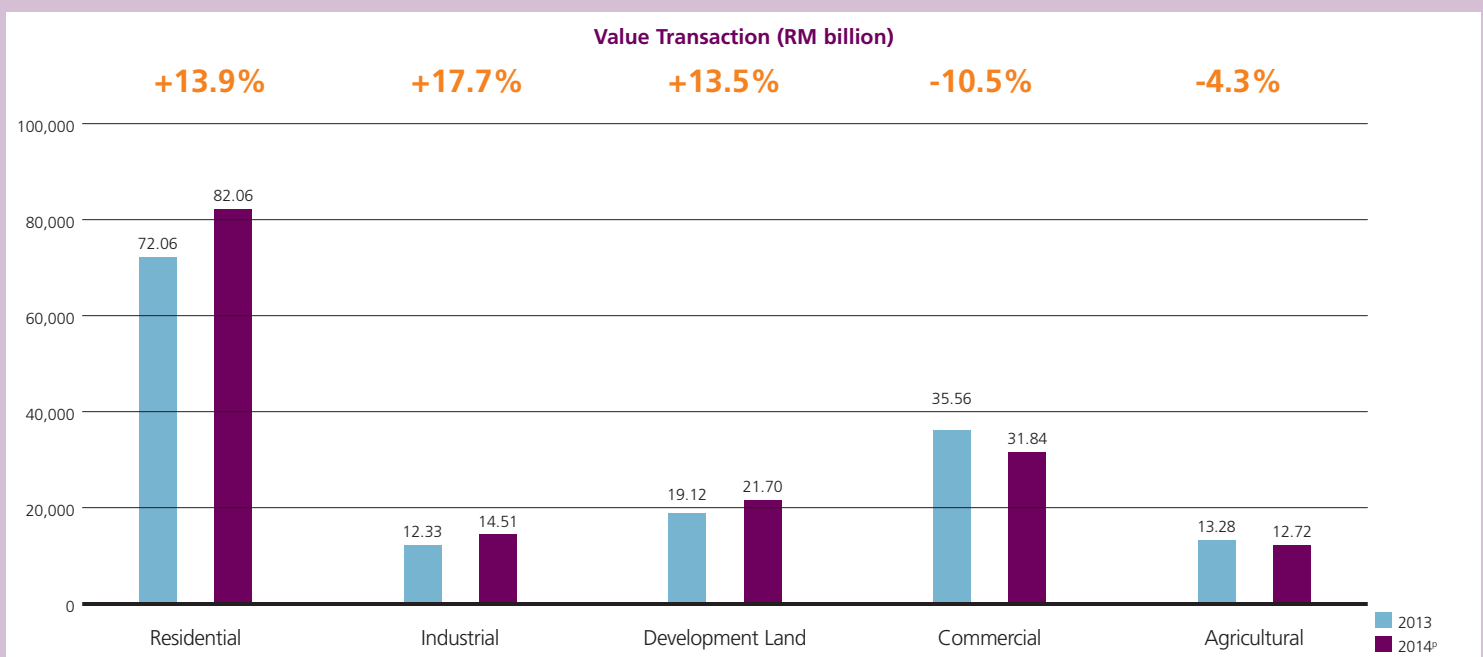
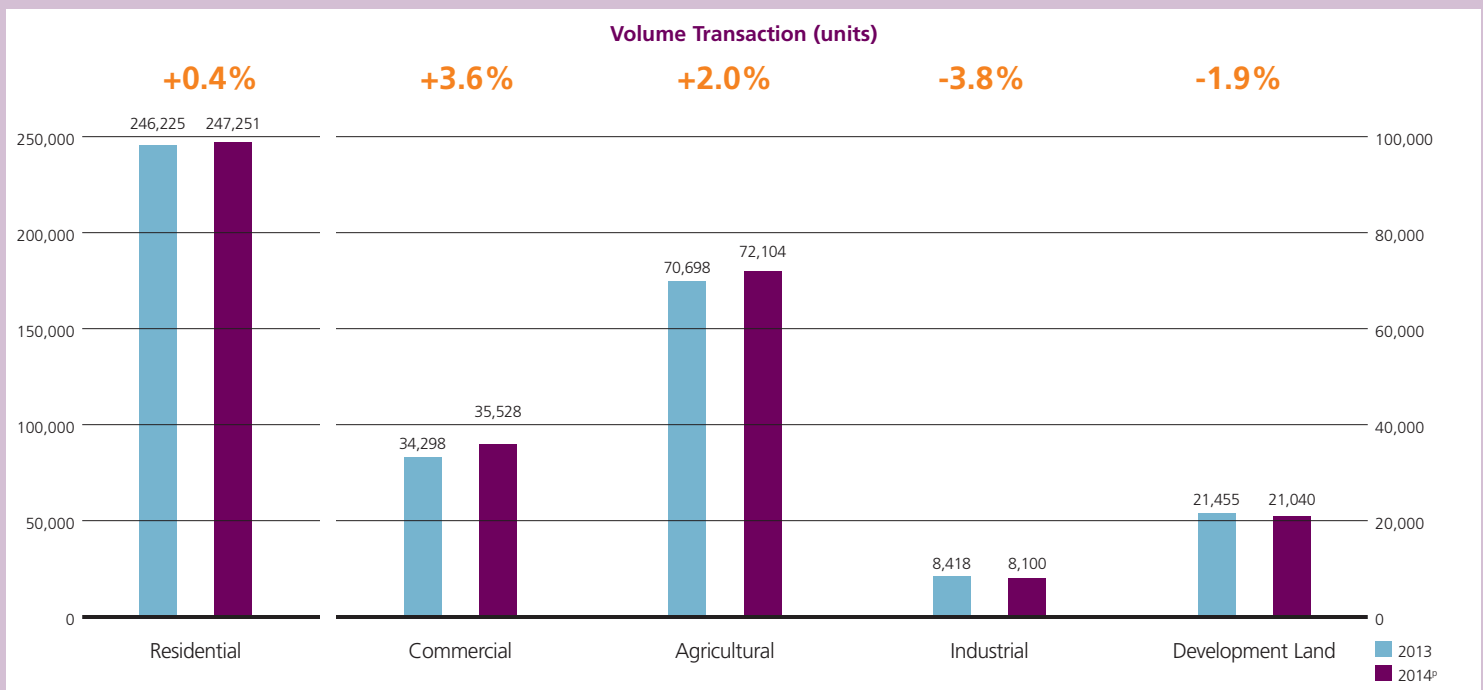


# Malaysia Property

## Overview of the Property Market

The 36<sup>th</sup> Property Market Report by the Department of Valuation and Property Services (JPPH), reporting the overall property market condition in 2014 saw a slight recovery in the year where a total of 384,060 units worth RM162.97 billion were transacted, indicating a marginal increase of 0.8% in volume and 7.0% in value. This is a marginal rebound from 10.9% contraction recorded in 2013. The residential sector continued to lead the property market, accounting for 64.4% and 50.4% of volume and value while the volume of transactions across the sub-sectors showed marginal movements.

Residential, commercial and agricultural sub-sectors recorded growths of 0.4%, 3.6% and 2.0% respectively while industrial and development land sub-sectors each recorded a slight downturn of -3.8% and -1.9% against 2013. Value of transactions moved independently with residential, industrial and development land sub-sectors recording double-digit growth of 13.9%, 17.7% and 13.5% respectively. As opposed to commercial and agricultural sub-sectors, both recorded downfall of 10.5% and 4.3%. The following charts show the breakdown of the total volume and value transacted according to the sub-sectors:



p = preliminary

\*Note: "Other" sub-sector in property market has been excluded due to its insignificant amount.

# Market Report 2014

## Residential Property

The residential segment remained sustain with a slight turnaround in market activity; increased in transaction volume, higher number of new launches, improved overhang and positive trend in the construction sector. Properties within the price bracket of RM200,000 and below as well as RM200,000 to RM500,000 constituted the largest market share of the volume transacted, with each 43.1% and 41.3% respectively. Out of this value, terraced houses made up the largest share in the residential market accounting for 41.4% (102,313 units) of the national total, trailed by condominium/apartment at 12.6% share (31,072 units). Selangor, Johor and Perak remained the three leading states in the residential transaction's volume, each with 24.6%, 15.8% and 11.0% market share.

New launches in the primary market went up by 9.6% at 68,351 units from the 62,376 units recorded in 2013. Selangor, Kuala Lumpur and Johor topped the highest new launches, accounting for 18%, 17.4% and 16.8%. There was a fair balance between the landed and highrise property in terms of property category. Sales performance was moderate across the board at 44.7% with Kuala Lumpur, Negeri Sembilan, Kelantan and Sabah taking the lead. The residential overhang improved considerably as the number receded to 11,816 units worth RM4.04 billion, down by 12.8% in volume and 15.9% in value. Nevertheless unsold under construction and unsold not constructed went up by 6.0% and 8.5% respectively.

The following table indicates the property market growth in Peninsular Malaysia by state based on secondary and primary market transaction as well as new launches for 2013–2014.

**Table 1 : Property market growth in Peninsular Malaysia**

STATE	2013			2014		
	Secondary Market	Primary Market	New Launches	Secondary Market	Primary Market	New Launches <sup>P</sup>
Kuala Lumpur	14,991	760	5,481	14,903	248	11,883
Putrajaya	119	254	1,199	156	473	2,685
Selangor	58,702	5,567	9,114	55,732	5,171	12,285
Johor	25,097	8,554	15,792	24,068	14,949	11,459
Penang	14,950	2,750	2,191	14,315	4,095	3,338
Perak	21,408	6,715	6,884	20,132	7,161	5,709
Negeri Sembilan	12,399	2,224	1,973	10,804	5,719	3,607
Melaka	6,107	3,252	2,540	5,705	4,630	845
Kedah	9,477	5,367	2,875	8,718	4,736	2,717
Pahang	7,716	4,431	6,229	7,205	3,464	4,687
Terengganu	12,438	145	524	11,605	1,158	1,536
Kelantan	4,488	237	563	3,713	302	714
Perlis	739	479	979	394	824	254

*p = preliminary*

*Secondary Market: Company & Individual, Company & Company and Others*

*Primary Market: Developer & Individual*

## Commercial Property

The sub-sector moderated on account of less favourable Business Conditions Index (BCI) and Consumers' Sentiment Index (CSI). Transaction volume recorded a marginal increase of 3.6% from 34,298 units in 2013 to 35,528 units in 2014 while value of transactions was down by 10.5% to record RM31.84 billion.

### Shops

Shop transactions dominated the commercial property transactions at 56.7% of volume and 47.1% of the total value. The 6.3% value increase indicated that prices sustained. Overall, prices of shops recorded growth particularly those in established and strategic locations served with efficient road networks and good accessibility. Rental also remained firm in established and premium shopping districts.

### Shopping Complex

Although transactions worth RM353.90 million were recorded over the review period, the retail sub-sector only saw a 1.2% increase in occupancy rate compared to 2013. However, the overall occupancy rates across most states remained good; securing above 80% market. As at end of 2014, existing retail space was dominated by Selangor, WP Kuala Lumpur dominated the incoming supply and Johor led the planned supply of shopping complexes.

### Purpose-Built Office

The office market moved along the positive trend as indicated by the increase in the overall occupancy from 82.7% to 84.9%. WP Kuala Lumpur recorded the highest occupancy at 660,445 square metre and other states also recorded positive take-up except Sabah and Kedah. Office rentals in Petronas Kuala Lumpur remained the pinnacle of the country's office market, ranging from RM97.00 to RM129.00 per square metre. In terms of performance, stable trend was seen in the office market.

## Industrial Property

The industrial sub-sector saw mixed market activity movements where 8,100 transactions worth RM14.51 billion were recorded (8,418 transactions worth RM12.33 billion in 2013). Johor was the only state that recorded positive growth among the states with higher market volume, up marginally by 3.4% whereas Selangor's market was down by 5.1%, Pulau Pinang and Perak both recorded negative digit at -8.2% and -28.9%.

Overhang scenario was promising as the numbers tailed down since 2012 but unsold under construction was on the rise at 55.4% growth. Prices were stable across the states with increases noted in selected established industrial schemes with good accessibility.

## 2015 Property Outlook

The Residential sub-sector is anticipated to be moderate in year 2015 as the first few months post-GST implementation may see various reactions amongst developers, home buyers and industry players. Since housing continues to be the main focus of the national agenda, in particular affordable homes, the Government has created various housing programmes, schemes and incentives to help the rakyat especially young adults to be able to own a house. The continuous supply of affordable houses into the market is expected to meet the discern demand from buyers and hence stimulate the residential sub-sector.

Shopping complex and purpose-built office are expected to sustain, based on the improved performance in 2014, albeit marginal.

Industrial sub-sector which contributed a smaller market share to the overall property market is projected to strive in the coming year. The recent electricity tariff cuts especially is an advantage to ensure the sub-sector's competitiveness.