



Persatuan Pemaju Hartanah Dan Perumahan Malaysia
马来西亚房地产发展商会
Real Estate And Housing Developers' Association Malaysia
"Towards Sustainable Development"
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MEDIA RELEASE

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MEDIA BRIEFING - REHDA PROPERTY INDUSTRY SURVEY 2H 2015

REHDA Malaysia recently revealed the findings of its REHDA Property Industry Survey 2H 2015 at the REHDA Media Briefing. The survey respondents comprised REHDA members from all 12 states across Peninsular Malaysia. The survey was to gauge the property market performance for the second half of 2015 and the outlook for 2016 as well as to find out the challenges faced by members in this current softening market.

Overall, the percentage of respondents with project launches and units launched in H2 2015 showed a reduction compared to the previous half. Residential properties continued to lead new launches albeit at reduced numbers while commercial units recorded a slight increase.

Domestic buyers continued to lead the residential market with 13% of respondents' reporting their buyers purchasing for own occupation while those with clients purchasing for investment purpose has decreased from 23% in 1H 2015 to 13% in 2H 2015.

Sales Performance

Sales performance was unexpectedly holding well, with increased number of respondents reporting better sales, mainly the apartment/condominium units.

Launches

Launches of landed residential and strata properties moderated in 2015 with strata launches overtaking landed properties by only 1%. Launches of strata properties are mainly in Selangor and Kuala Lumpur.

Commercial units launches on the other hand saw a small increase of 52 units.

Unsold Units

In tandem with the unexpectedly better sales performance, respondents with unsold units decreased from 78% in 1H 2015 to 62% in 2H 2015.

End financing and loan rejection topped the reasons for unsold units with increased number of respondents facing such problem. Houses priced between RM250,001-RM700,000 appeared to be most vulnerable to loan rejection by banks.

Business Operations

Increased cost of doing business continues to be a burden to developers with 61% respondents reporting cost has increased up to 10%. Some developers have even resorted to implementing cost cutting measures such as:

- Operation:
 - Less Benefit/Perks
 - Freeze New Recruitment
 - Retrenchment
 - Less Working Hours
 - Salary Deduction
- Production/Delivery:
 - KIV/Reschedule Launching of Planned Project
 - Reduce the Scale of Launches
 - Migration of Development (High End to Low End Development)
 - Project Delays Due to Insufficient Sales
 - Cancelling Project Due to Poor Demand

Affordable Housing Projects

Although respondents providing affordable housing has shown a slight increase, provision of affordable housing remains a challenge with increased overall cost of doing business being the main reason followed by high land price and cross subsidies from higher end products.

Developers Interest Bearing Scheme (DIBS)

65% of the respondents opined that the Developers Interest Bearing Scheme (DIBS) will help to improve their sales performance, out of which 62% agreed that DIBS should be reinstated for properties below RM500,000 for first-time buyers to facilitate the nation's home ownership agenda.

Future Launches and Outlook 1H and 2H 2016

Although almost equal number of respondents with and without launches were recorded for 1H 2016, more than three quarter were targeting only below 50% sales in the first 6 months of launch. Prices of future launches are expected to maintain.

In conclusion, almost 70% of the survey respondents were pessimistic on the H1 2016 outlook. However, level of pessimism is anticipated to reduce in the following 6 months with more respondents being neutral.

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About REHDA Malaysia

REHDA Malaysia is an association of real estate and housing developers founded in 1970. It is recognised as the leading voice in advocacy and governance of the real estate and housing industry. Members of REHDA have built more than 4 million units housing units to date, and contributed in excess of RM20 billion annually to Malaysia's GDP, impacting at least 140 upstream and downstream industries.

About the REHDA Property Industry Survey

The REHDA Property Industry Survey is a half-yearly report conducted by REHDA, covering topics related to the property market, unearthing challenges and gleaning feedback from members on pertinent industry issues and policies during the review period.

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