



MIER's Residential Property Survey Report 4Q 2015

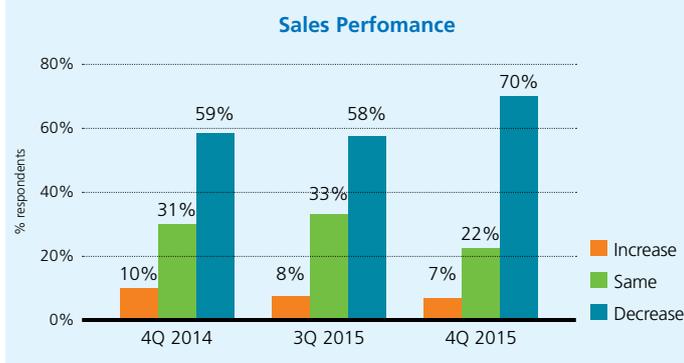
For the benefit of the REHDA Bulletin readers, a summary of the MIER's Residential Property Survey Report for the fourth quarter of 2015 is reproduced below:

Overview

2015 had been a challenging year for the residential property sector. MIER's Residential Property Index (RPI) continued to remain below the 100 points threshold level of confidence for the fifth consecutive row, chalking up only 87 points in 4Q 2015. Although it gained 7.1 and 1.1 points from 3Q 2015 and 4Q 2014 respectively, it has persistently stayed below its demarcation level indicating that confidence in this sector continues to be elusive amid the slower economic pulse.

Sales Performance – Down

Sales of residential properties were dismal with 70% of the respondents reporting poor sales in 4Q 2015, the worst on record so far. Only 7% sold more homes, down from 8% in 3Q 2015 and 10% from 4Q 2014, weighed down by lower incomes and higher interest rate.



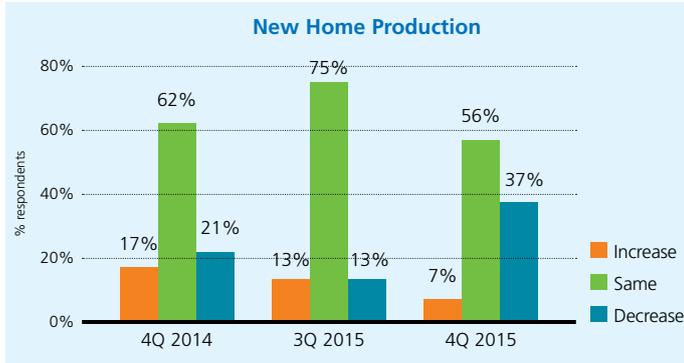
Note: Percentage may not total 100 due to rounding

Best-Selling Property – Double Storey Houses

42% of the respondents reported that double storey houses sold well during 4Q 2015 while both single storey and semi-detached houses gained equal proportion of 26% in preference. However, sales of condominium and bungalows were less encouraging.

Construction of New Homes – Snail Pace

Homebuilding activity slowed down with 37% of the respondents reducing their production in 4Q 2015, the highest in six-and-a-half years. Those who maintained their existing production level also declined to 62% from 75% (3Q 2015).



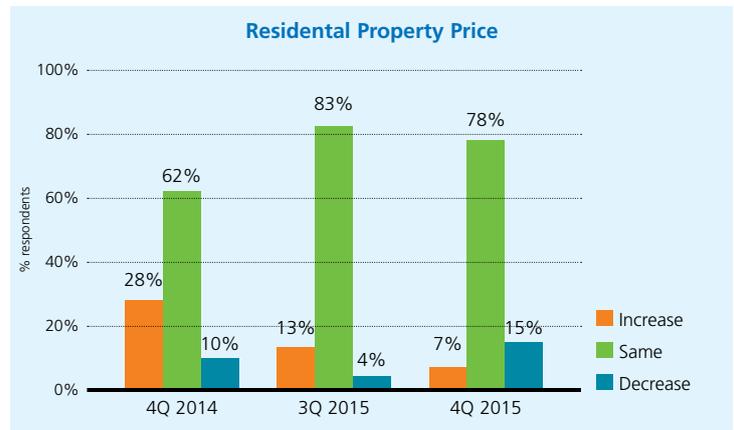
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Unsold New Homes – Moderated

Unsold houses eased in the current outlook, with majority of the respondents (67%) reported a decrease in their existing stock, the largest poll since 3Q 2011.

House Prices – Stable

The declining number of unsold homes and slower sales have resulted in selling prices to remain unchanged. Majority of the respondents (78%) retained their prices in 4Q 2015 while those who raised their prices fell to an all-time low of 7%. Since 4Q 2001, a high number of 15% respondents dropping their prices was recorded.



New Bookings – Improved

New bookings inched up steadily in 4Q 2015. A total of 26% of the respondents received more new bookings, doubling from the previous quarter while those who received fewer bookings fell to 59% from 61% in 3Q 2015.

Home Loan Application and Approval – Downward Trend

Home loan application rejection increased to 56% from 46% (3Q 2015) with only 22% of the respondents reporting more applications. Home loan approvals were parallel to applications. Although the favourable responses rose to 11% in 4Q 2015 (3Q 2015: 8%), 67% of the respondents claimed that approvals for their new units have declined.

Hiring and Wages – Flat

Respondents froze their staff recruitment in 4Q 2015, with a small number of only 4% hiring more personnel whilst 11% executed retrenchments. 85% of them retained their existing manpower, adding that they are likely to adopt the same stance in the coming months. Almost three quarter of the respondents did not adjust their employee's payroll in 4Q 2015, as wages revision was put on hold.

Capital Investment – Unchanged

Rising cost of construction have put a pause on capital investment in the housing sector. 85% of the respondents maintained their expenditure on plant and equipment in 4Q 2015, while 7% injected additional fund and 7% revised their spending lower.

Conclusion

Given the current economic challenges internally and externally as well as weak buying sentiment, respondents have generally reflected a neutral sentiment on the near-term outlook of the residential property. Although better house sales are in their wish list, respondents are cautious amidst the uncertainty in the global and local economic condition.

The Residential Property Survey is conducted four times a year by the Malaysian Institute of Economic Research (MIER). Respondents of the survey were asked about their perceptions of their current business and expansion plans. The Residential Property Index (RPI) summarises the results of the survey, underpinned by six key questions – four of which refers to the current quarter and the other two on expectation of the next quarter.