



Headline	Sales of residential property continue to tumble
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Increasing housing prices are one of the key determinants of the high ratio of household debt-to-GDP

by MARK RAO

THE residential property market in Malaysia continues to tumble with sales dwindling 9.5% to RM16.2 billion in the first-quarter of 2016 (1Q16) compared to RM17.9 billion recorded in the previous corresponding period.

A report by the Valuation and Property Services Depart-

ment (JPPH) stated that the figures were based on the 49,612 units of houses sold nationwide during 1Q16 compared to 59,490 sold in the previous corresponding period.

JPPH noted that Selangor has the most significant decrease, recording a 12.8% drop, in terms of overall sales, to RM5.6 billion in 1Q16 from RM5.6 billion reported in 1Q15.

In 1Q16, 12,011 units of houses were sold compared to 14,771 units sold in the previous corresponding period.

JPPH also stated that the market in Klang was especially grim with only 12 out of 637 residential units launched

in 2016 sold within three months (1.9%), amid increasing economic constraints in the country.

As stated by the Malaysian Rating Corp Bhd (MARC) via the latest Bank Negara Malaysia (BNM) report, the increasing housing prices are one of the key determinants of the high ratio of household debt-to-gross domestic product (GDP), stemming from "structural issues in the housing market".

MARC also said that statistics suggest that the bulk of unsold properties in major cities — Klang Valley, Penang and Johor — are concentrated in the high-rise unit and two-storey to three-sto-

rey terrace house segments, where prices are mostly above RM500,000 and not affordable for the middle-income group.

"What is of concern is that the size of the middle-income household group, which is in dire need of affordable homes, has remained stubbornly at roughly 40% of total households," the report stated.

BNM's report noted that with housing loans dropping from RM7.5 billion in January to RM6.9 billion in June this year, the deeper structural issues in the residential property market will remain to be contended with in the future.