

REHDA Chairmen's Perspectives: States'

The property market conditions in 2016 has become even more challenging, continuing its contractions since 2014 against the backdrop of the falling crude oil and commodity prices as well as the weakened Malaysian Ringgit. As at 3Q 2016, the National Property Information Centre (NAPIC) reported a decline in the transaction volume and value, ranging between 7% to 29% in the residential, commercial and industrial sectors. Many property industry players also anticipated that the overall market performance will not get any better in 2017. In providing a better understanding on the property market dynamics to our readers, the Communications, Public Relations and Publication Committee took the opportunity to gather insights and views from our esteemed Branch Chairmen and Chairlady on their respective state's property market growth in 2016 and the coming year:



Dato' Steve Chong

REHDA Johor Branch Chairman

Performance in 2016

The overall property market performance in Johor's residential, commercial and industrial sectors were generally stable throughout the year. Most landed residential properties were launched within the RM500,000 to RM1 million bracket whereas for high-rise residential, properties launched were in the range of RM1 million to RM2.5 million. Houses priced between RM250,000 and RM500,000 were the highest in demand as the market continued to be a buyers' market. As home purchasers were adopting the 'wait and see' attitude, developers also had to face stiff competition from foreign property developers who were provided with better incentives by the Government in their efforts of promoting Iskandar Malaysia.

Outlook in 2017

The property market will continue to be soft until the end of 2017 as a result of the general economic conditions as well as property cooling measures in the country. Although there will be a slowdown in transaction activities and take-up within new developments, the overall growth for residential, commercial and industrial markets are anticipated to be stable. Rising compliance cost is anticipated to be the biggest challenge in 2017 for Johor along with low end-financing approval rate for home buyers. With more competition from international players, Johor may see the introduction of MAPEX International.



Dato' Rick Cheng

REHDA Kedah Branch Chairman

Performance in 2016

Property market in Kedah remained steady throughout the year. Whilst the residential property sub-sector was quite stable, the commercial market

was performing but the industrial segment was rather weak. Both landed and high-rise properties in the residential segment launched were mostly between RM250,000 and RM500,000 despite the high demand for housing below RM250,000 in Alor Star. Overall, the State Government's constant change in its housing policies has severely impacted property development in Kedah.

Outlook in 2017

The property market is expected to regain its vitality by 3Q 2017. In terms of growth, the residential and commercial segments will probably share the same sentiment in 2016 with the industrial property picking up very slowly. Rising construction and compliance cost as well as stringent lending policies are expected to affect the residential market coupled with cautious business sentiment in the country. Nonetheless, there will be demand for low and medium cost housing for developers to focus on.



Tn Hj Mohd Shukri b Omar

REHDA Kelantan Branch Chairman

Performance in 2016

The property market in Kelantan has been less upbeat as the overall property market performance remained slow. The residential property activities was on a subdued mode while both the commercial and industrial segments endured a downhill performance. Most of the landed properties launched were below RM250,000, mainly outside of Kota Bharu District while the high-rise units were priced between RM250,000 and RM500,000. Although affordable housing were made available to home buyers in the state, many of the purchasers faced difficulties to secure end-financing from banks.

Outlook in 2017

The property market will experience another flattish period in 2017 for Kelantan. Similar to 2016, growth for all the three property sub-sectors namely residential, commercial and industrial will remain unchange. As developers creatively innovate products catering to the buyers' needs, the residential market will most likely be impacted by high rejection of loan applications, which will lead to greater difficulties for purchasers to access financing. Developers can also anticipate challenges from the local authorities imposing further requirements and fees on their developments.



Dato' Sri Nghoh King Hua

REHDA Melaka Branch Chairman

Performance in 2016

The overall property market in Melaka remained relatively healthy with residential and commercial properties being resilient and stable. The industrial market however, experienced less activity

throughout the year. Most landed properties launched were below RM250,000 whereas high-rise residential were priced between RM250,000 and RM500,000. Apart from the continuous uncertainty in the economy, the state's policy regarding bumiputera quota and other compliance cost have also impeded the property market performance.

Outlook in 2017

The overall property market performance will probably regain its pace after 2017. The residential, commercial and industrial properties growth is anticipated to share the similar sentiment in 2016 based on the continued unstable economic conditions, devaluation of the Ringgit, high household debt and tight financing conditions, amongst others. Stringent home loan requirements and higher imposition by the State authorities on compliance cost are expected to affect the residential market growth despite good demand for housing. Nevertheless, great potential is envisaged in the upcoming High Speed Rail (HSR) project to boost the property market along with China's 'One Belt One Road Policy'.



Ms Jenny Wang

REHDA Negeri Sembilan Branch Chairlady

Performance in 2016

Negeri Sembilan's property market was moderate in 2016. The residential market activities were stable, the commercial market was sluggish while the industrial market was less vibrant. Despite the soft sentiment in the overall property market, there were demand for high-rise residential below RM250,000 and landed properties between RM250,000 and RM500,000 particularly in Senawang. Apart from economic downturn, the property industry in Negeri Sembilan also faced challenges with the introduction of the revised Dasar Perumahan Negeri Sembilan which requires developers to provide 50% affordable homes along with the imposition of 50% bumiputera quota.

Outlook in 2017

The general property outlook appears to be bleak and will probably recover after 4Q 2017. The residential market is expected to be resilient with encouraging demand for affordable homes but not much change is expected in the commercial and industrial segments. Moreover, the uncertainty of the Ringgit and the stringent lending policies by the Central Bank will most likely continue to affect growth of the residential market. Nevertheless, several upcoming infrastructure and development projects such as the HSR project and the Malaysia Vision Valley are anticipated to drive Negeri Sembilan's property market over the next few decades.



Mr Chua Say Chai

REHDA Pahang Branch Chairman

Performance in 2016

The overall property market activities in Pahang remained

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slow, continuing its passive performance since 2015. Both residential and industrial markets were subdued while commercial properties performance was sluggish. Most of the residential properties (landed and high-rise) launched were within the RM250,000 to RM500,000 price range but developers still face difficulty to sell. This is due to competition from PR1MA housing projects sold between RM80,000 and RM150,000 which has widened the rift between prices of new developments by private developers.

Outlook in 2017

The property market is not expected to improve much until the end of this year and perhaps even beyond 2017 as economic challenges continue to dampen the business and consumers' sentiments. The market growth for residential, commercial and industrial properties will continue to stay flat due to buyers' lack of confidence coupled with increasing development costs which will lead to higher selling prices. Nevertheless, there may be strong demand from migrants of other states looking for more affordable homes as well as the booming tourism industry in the state.

high rejection of home loans have certainly impacted the overall market performance in the state. The residential market performance was rather subdued while the commercial and industrial properties experienced further contraction. Demand for residential properties priced between RM250,000 to RM500,000 particularly in areas such as Pengkalan, Meru dan Klebang however was encouraging with preference for landed housing.

Outlook in 2017

With the continued slowdown in economic growth, the property market is anticipated to show no signs of improvement in 2017. The subdued and weak sentiments in all residential, commercial and industrial markets will likely lessen only after 2017. Although more affordable housing products will be introduced, home loan rejections are expected to affect the residential market growth.

all districts whereas properties between RM250,000 and RM500,000 were mostly launched in town areas. Despite the encouraging demand for housing, sales were low due to the buyers' inability to secure home loan and lack of purchasing power. Developers were also required to comply with the state's housing policy which did not help to improve Terengganu's overall property market performance.

Outlook in 2017

The property market will continue to face slowdown and perhaps will only recover beyond 2017. The residential and commercial markets are expected to remain subdued while the industrial segment is anticipated to be on a weakening trend. The prolonged economic downturn coupled with high rejection rates of home loans as well as the spiralling effects of GST are expected to dampen the residential market growth in Terengganu. Nevertheless, there is a potential in the low-medium residential segment to meet the current housing needs.



En Zulkifly Garib

REHDA Selangor Branch Chairman

Performance in 2016

It has been a challenging year but the residential market in Selangor remained stable with good demand for both landed and high-rise properties. Residential development continued to be active in the fringe areas such as Semenyih and Bangi particularly for properties priced between RM250,000 and RM500,000. The commercial market was rather slow, similarly for the industrial properties which were sluggish mainly due to the global market uncertainty. Despite good demand for housing, rejection of home loan for prospective buyers remained high.

Outlook in 2017

The overall property market is foreseen to remain soft in 2017 and beyond. Only the residential market in Selangor is anticipated to remain stable as there are great prospects and strong demand within the affordable housing segment. The commercial and industrial markets will remain weak due to volatility in the global economy. Home loan approvals will continue to be the biggest challenge affecting the residential market growth followed closely by economic challenges both domestic and abroad.



Dato' Wan Hashimi Albakri

REHDA Wilayah Persekutuan Kuala Lumpur Branch Chairman

Performance in 2016

The residential market in Kuala Lumpur has been resilient throughout the year despite the incoming supply of new housing units. Residential high-rise sold were in the range of RM500,000 to RM1 million while landed properties were priced between RM1 million and RM2.5 million. Prices were on the high side mainly due to land scarcity around the city centre. Although the commercial market endured a downward trend, the industrial market was rather encouraging, following from foreign investors' appetite for trade projects.

Outlook in 2017

The property market is anticipated to remain flat and the situation is expected to persist until at least after 2017. The residential market will be stable but commercial properties are expected to further endure less vibrancy with more new incoming office spaces. The industrial market will continue to be in demand fuelled by the development of manufacturing parks. Moving forward, the property market will still be impacted by the prolonged economic uncertainty and the ever increasing construction cost. However, opportunities will become available when certain planning policies such as higher plot ratio and transit oriented development (TOD) are put in place to revive the market.



Tn Hj Sr Mohamad Hishamudin b Dato' Muda

REHDA Terengganu Branch Chairman

Performance in 2016

Terengganu property market recorded lacklustre performance in 2016. Activities in the residential segment were on a low tone and both the commercial and industrial markets experienced a further downward trend. Residential housing priced below RM250,000 garnered quite good demand in



Dato' Toh Chin Leong

REHDA Penang Branch Chairman

Performance in 2016

The Penang property market remained subdued across all sectors; residential, commercial and industrial, in 2016 as market activity continued its downward trend since 2015. In terms of pricing, both landed and high-rise residential properties were launched between RM500,000 and RM1 million particularly in the Penang Island driven by higher land cost due to shortage of developable land. Increasing compliance cost (almost RM300 per sqf) such as development charges has also been a challenge for Penang property developers.

Outlook in 2017

The slump in Penang's overall property market will most likely persist until the end of 2017 and perhaps into 2018, judging from the continuous uncertainty in the global and local market. The residential market will be more resilient in 2017 whereas the commercial properties are anticipated to be stable and more subdued for industrial segment. Factors such as high rejection of loan applications, macro-economic issues as well as shortage of labour will continue to affect the state's residential property market. Nonetheless, more developers are diversifying their portfolios by tapping into development opportunities in the growing tourism and medical industries.



Mr Tony Khoo

REHDA Perak Branch Chairman

Performance in 2016

The property market in Perak has been passive throughout the year. Implementation of the Goods and Services Tax (GST) along with rising compliance cost and

The REHDA Branch Chairmen Property Market Performance and Outlook Survey is a short survey conducted amongst the Branch Chairmen and Chairlady to share their insights on the current and future property market performance as well as the outlook in the respective states.