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# MORE NEW HOMES IN 2H2016

Developers launch affordable properties to meet demand

**W**HILE house prices in most states remained at the same level in the second half of last year (2H2016), most developers chose to launch houses below RM500,000 to meet market demand.

It comprised 40% of residential units launched in this price range, compared with the first half (1H2016) when 37% of new launches were within RM250,000 to RM500,000.

Developers in general launched more units above RM500,000 in the second half of 2016 compared with the first half of the year.

According to a recent survey by the Real Estate and Housing Developers Association (Rehda), 47% of new launches in the second half of 2016 were below RM500,000 while the first half recorded 51%.

In the recently held "Property Industry Survey 2H2016 and Market Outlook 1H2017", Rehda president Datuk Seri FD Iskandar said there were more new launches in 2H2016, accounting for 13,276 units which was nearly double the 7,172 units recorded earlier that year.

Sales of the new launches saw a slight improvement of 6% throughout the year, recording 2,829 units sold in 1H2016 and 5,973 in 2H2016.



Rehda president Datuk Seri FD Iskandar presenting the Property Industry Survey and Market Outlook.

Iskandar also said there were more strata launches in the second half of 2016, which indicated a strategy adopted by developers to lower house prices because landed properties were often priced higher.

According to the survey, a total of 72% in accumulated unsold units throughout the years was recorded in the second half of 2016, a slight increase from the 71% unsold units recorded in 1H2016.

"Among the unsold units, 30% were within the price range of RM250,000 to RM500,000

while 42% of unsold units were mainly from RM500,000 to RM1mil," said Iskandar.

The difficulty of end-financing was a major factor of units remaining unsold, said Iskandar, adding that most banks tend to approve a margin of financing at 70%, which meant purchasers have to fork out 30% as down-payment.

In his opinion, most young Malaysians would be able to pay the monthly loan installment. However, those who worked less than five years are usually unable to pay the 30% down-payment, resulting in the need to ask for financial help from the family to buy a house.

Rehda remains optimistic for the coming months, citing the positive sentiment of most developers when it comes to the property market outlook in the second half of 2017.

Iskandar said this was due to the fact that developers in most states were expecting to retain or lower the unit prices of their launches.

Rehda's survey indicates a high level of buying interest from the public because many young people still live with their parents.

"In 2H2016, 43% of purchasers were first-time home-buyers and 83% of them bought houses for themselves to live in," Iskandar added. ☐