

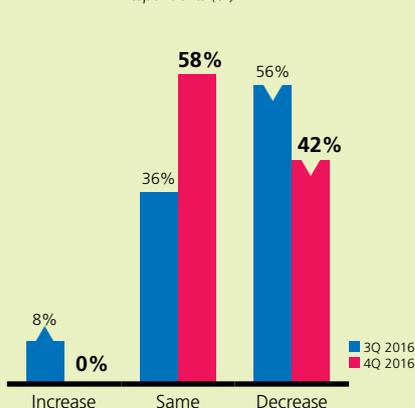
MIER's Residential Property Survey 4Q 2016

For the benefit of the REHDA Bulletin readers, a summary of the MIER's Residential Property Survey Report for the fourth quarter of 2016 is reproduced below:

Overview

The latest MIER's Residential Property Index (RPI), which has for the second consecutive quarter, persistently stayed below the 100-point demarcation level of optimism, reported that the residential property sector continued to remain on a slow mode at the end of 2016. Although sentiments are slowly turning a corner, the recent reading indicates that confidence has yet to return.

Residential Sales Respondents (%)



Sales performance: Less ambitious

Overall sales remained generally flat with 58% of the respondents rating their year-end sales as satisfactory. Fewer respondents (42%) reported poor sales in 4Q 2016, as compared to 56% from the preceding period. Despite the efforts taken to reduce interest rates and provide sufficient liquidity to give homebuyers the financial capacity, home demand continued to sit on the bench.

Property type: Double-storey residences top favourite

Only three types of residential properties were sold in the last three months of 2016 – double storey, single storey and semi-detached units. Double storey continued to be the most preferred type of property with 54% of respondents citing sales in this category. On the contrary, no respondents reported any sales of condominiums and bungalows during the review period. Lower disposable income and uncertainties on both the domestic and global economies have likely instilled prudence in homebuyers' choice of residential properties.

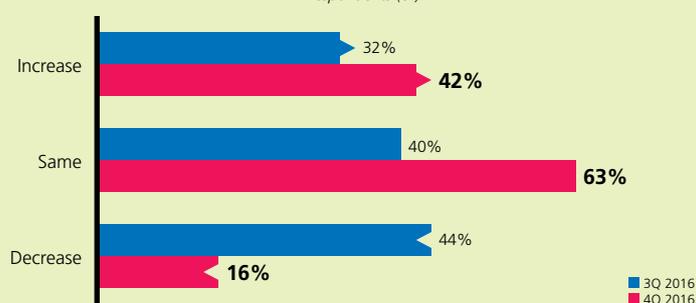
Unsold units: Flat

Residential overhang has generally remained unchanged during the review period. Although there were more respondents reporting an increase in their stocks of unsold homes (3Q 2016; 16%; 4Q 2016; 26%), 42% of the respondents also revealed a reduction in their residential property overhang while the remaining 32% reported no changes in their unsold units.

Building activities: Residential construction picks up

Homebuilding gathered some momentum in 4Q 2016, with higher number of respondents building more residential properties (3Q 2016; 16%; 4Q 2016; 21%)

Residential Construction Activity Respondents (%)

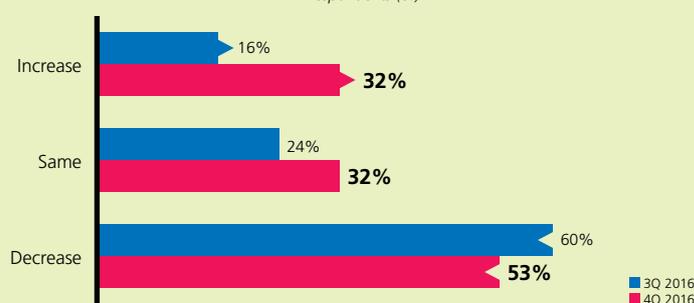


and lesser of those who are scaling back their housing projects (3Q 2016; 44%; 4Q 2016; 16%). Nevertheless, majority of the respondents adopted a more cautious approach in the coming months by maintaining the existing production schedules and building fewer homes in the next quarter.

New bookings: Stable

New bookings were slow but stable. 53% of the respondents, which is a decrease of 7% from the preceding period, reported fewer bookings while the proportion who noted more take ups in their residential properties sales remained the same. Similar scenario are expected to continue in the next quarter as homebuyers adopt a 'wait-and-see' approach in anticipation of better home packages or deals in the coming months.

Residential New Booking Respondents (%)



Home price: Soft

Only 5% of the respondents adjusted their home prices higher during the review period while 26% indicated price reduction on their residential units. Besides the introduction of macro prudential measures in the market by the Central Bank to curb speculation and cool property prices, the fall in home mortgage approvals in the preceding quarter may have also impacted the price movement. However, there are plans to increase residential home prices in early 2017 as revealed by 21% of the respondents.

Home loan applications and approvals: Up

Although moderate in growth, mortgage activity seems to be picking up. Lesser respondents reported a decline in application (3Q 2016; 68%; 4Q 2016; 58%), while more respondents saw a rise in the loans applied for their residential projects. Loan approvals also witnessed some improvements in the last quarter of 2016. As there was a reduction in the number of respondents who reported loan rejections (3Q 2016; 72%; 4Q 2016; 63%), more respondents confirmed that loan applications for their residential units have been approved.

Conclusion

Year-end housing sentiments remained soft amid uncertainties in both the global and local economies, which are expected to persist into 2017. More respondents are looking increasingly cautious as they take measures to maintain their production and sales projections for the coming months. Only 11% of the respondents are optimistic on the market outlook while 63% are hoping that their near-term sales will, at least, remain unchanged. Smaller buying power and confidence on the market performance are likely contributing to a less robust as well as a more cautious outlook for residential property going forward.

The Residential Property Survey is conducted four times a year by the Malaysian Institute of Economic Research (MIER). The respondents to this 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.