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# Real estate market to see upward trend this year

by IZZAT RATNA

THE property market is expected to see a potential upward trend this year on the back of improved market sentiment, the stabilisation of asking prices for the sub-sale market and new launches.

PropertyGuru International (M) Sdn Bhd country manager Sheldon Fernandez said its internal data revealed that homeowners are now listing their residential assets at a higher asking price, indicating that the depressed property downward trend since 2015 might end soon.

"Most of the tenants and owners were affected by the oil and gas situation which has largely impacted the rental and purchasing aspect of that market, but as at the first-quarter of 2017 (1Q17), they are now more confident to list at a higher price.

"This indicates that there is an improved sentiment where the people are starting to accept the market conditions," he told reporters at the launch of PropertyGuru's Property Market Index (PMI) report yesterday.

However, Fernandez said it is hard to expect anything from the property cycle, despite positive indicators that

the upward trend would continue in 2017.

"The PMI does show encouraging signs for a potential market bottoming up. It would be very interesting to see how the market plays out throughout the year," he added.

Meanwhile, Fernandez said as at the end of December last year, the country's overall loan rejection rate stood at 55% — which shows that end-financing and housing affordability remain as top challenges for homebuyers.

As an effort to improve the market sentiment, he said developers are now becoming more aggressive in offering financial assistance for buyers who are unable to obtain the appropriate financial support for house purchases.

"Fundamentally, affordability will always be the main obstacle to own a house.

"However in 2017, there has been a lot of schemes introduced to help the ownership of these properties, particularly from the developer's side.

"Consumers now are starting to adjust to the market sentiment with various housing financing options made

available to them," he added.

Fernandez said that a more sustained period of adjustment with the stabilisation of supply and demand would definitely aid the market to see an upward movement.

"However, 2017 will remain challenging and we expect the market to be flat," he said.

Two major factors affecting the property market's cycle are the volatility of oil prices and the cost of goods and house-

hold income or spending, coupled with the country's upcoming general election.

"Oil prices affect raw materials, therefore developers cannot build at a lower price. Thus, they have to pass on the additional cost to consumers," he said.

The PMI provided quarterly overview of home pricing trends nationwide — particularly in Kuala Lumpur, Selangor, Johor and Penang — to help consumers make informed property decisions.

The report data was derived from PropertyGuru's proprietary data that includes asking prices of over 250,000 residential property listings.

In 4Q16 to 1Q17, following a decline in prices, the PMI showed a marginal increase of 0.2% for property prices in

Malaysia indicating that the local property sector could be bottoming out.

Kuala Lumpur, Selangor and Johor registered upward price movements quarter-on-quarter with increases of 0.3%, 0.3%, and 3.4% respectively.

Penang's index showed a decline in property prices by 0.7%, largely attributed to a reduction in prices and a tapered supply.

Annually, the index saw Penang and Selangor record a year-on-year (YoY) decline of 4.1% and 2.6% respectively. Kuala Lumpur recorded a 1% YoY growth.

A significant increase of 5.3% was seen for the Johor market, attributable to the various mega projects being developed there.

"Going forward, we foresee prices being affected by inflationary pressures due to rising living costs, availability and accessibility to financial and overall conditions of the macroeconomic environment.

"The next quarter will provide a clearer indication on how the property market has performed in the first-half of 2017 and possibly give us a trend line for the rest of the year," Fernandez said.



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