

Headline	Home loan numbers drop in June
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Home loan numbers drop in June

Drop in applied housing loans due to minimum income thresholds, high debt levels and unattainable house prices.

by NG MIN SHEN

THE decline in total applied and approved housing loans for the month of June against the previous month indicates cautious consumer sentiment and undersupply of suitable property.

The latest statistics released by Bank Negara Malaysia (BNM) noted that loans applied for purchase of residential properties stood at RM19.04 billion in June this year, 14.2% lower than RM22.19 billion in May 2017.

Loans approved by lenders (commercial banks, Islamic banks, and merchant or investment banks) for the same purpose also fell to RM8.5 billion in June 2017 against RM9.34 billion the month before.

On a year-on-year basis, loans applied for residential property purchases stood at RM17.93 billion in June 2016,



Pic by Muzel Amin Nazari

Industry experts are expecting the property market to remain flat this year as economic uncertainties weigh heavy on buyers

while loans approved stood at RM8.01 billion.

Mercury Securities Sdn Bhd research head Edmund Tham said the drop in applied housing loans was due to minimum income thresholds, high debt levels and unattainable house prices.

"When people go to the bank, the sales staff will calculate to see if they are eligible for the loans. If the figures are not good, often they won't even submit the application for

approval, hence BNM sees less applications," he told *The Malaysian Reserve* when contacted recently.

The issue of stringent filtering among banks is tied to income levels that do not match the current prices of property, as well as an inadequate supply of affordable homes.

He said potential buyers are also holding back on purchasing property due to high levels of debt caused by low