



Headline	House prices overtake income
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House prices overtake income

THE latest Employees Provident Fund (EPF) numbers may have indicated that wages have improved, after enduring a decline in H1, last year.

However, the average wage increase is still lower than the rise in house prices. And this does not augur well for potential buyers.

Wages, expressed in the form of the

average contribution per EPF member, for H1, this year, rose by 3.6%. It is estimated that wages, since 2010, have only increased by 29% on average. Based on Bank Negara Malaysia's House Price Indicators, the price of a terraced house has increased by 73% while high rise unit prices have inflated by 86% on average since 2010.

The inflationary impact of house prices

was felt the most in Johor where prices increased by 87% in contrast to Selangor's 73% and Kuala Lumpur's 83%

"House price increases have outpaced wages by leaps and bounds. This is for sure. What is still being debated is whether prices have been growing astronomically or if it is the wage increase that is not keeping up," says a research manager.

He believes wage increases are too slow. The entry level salary for fresh graduates is a good indicator. "For years, it has been stuck in the RM2,000 region," he says.