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## SUPPLY-DEMAND MISMATCH

# BNM report: Unsold houses at decade-high in 2017

**KUALA LUMPUR:** Unsold residential properties in Malaysia rose to the highest in a decade last year as lofty prices and a lack of affordable housing dampened purchases, said Bank Negara Malaysia.

The central bank said in a report yesterday that a supply-demand mismatch and slower income growth had led to a housing affordability issue in Malaysia.

The acute supply-demand mismatch brought the level of total unsold residential properties to a decade-high 146,497 units as of the second quarter of last year, an increase from 130,690 units in the first quarter, said the report.

During the second quarter of last year, almost 82 per cent of unsold units were priced above RM250,000, it added.

House prices have risen more quickly than salaries in Malaysia, especially during 2012-2014 when prices grew 26.5 per cent, more than double the 12.4 per cent increase in household income levels.

Bank Negara said from 2007 to 2016, house prices grew 9.8 per cent while household income rose 8.3 per cent.



*Unsold residential properties in Malaysia rose to 146,497 units as of the second quarter of last year.*

The report noted that new housing supply had been skewed towards the higher-end property segment since 2012.

That, coupled with poorer financial literacy among a majority of Malaysian households, and a cultural preference towards home-ownership instead of renting, contributed to the high demand for house purchases, said the report. **Reuters**