



MEDIA RELEASE

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MEDIA BRIEFING – REHDA PROPERTY INDUSTRY SURVEY 2H 2017

Findings from REHDA’s Property Industry Survey for 2H 2017 has revealed significant increases in the number of new launches for both residential and commercial properties, with the residential segment recording the highest number with a 68% jump to 14,663 units compared to 8,743 units in 1H 2017. However, a majority of the 200 respondents maintained their neutral view of the industry’s economic and business outlook for 2018.

Launches

52% of the new launches for 2H 2017 were within the RM500,000 and below category, while the residential units in the RM500,001 – RM1 million bracket followed closely at 41%. Most of these new launches were the 2-3 storey terrace houses, followed by serviced apartments and apartments/condominiums.

Sales Performance

6,664 units of residential properties were sold in 2H 2017 compared to 4,302 residential units in the preceding period. Of these, 2,779 units fell under the 2-3 storey terrace house category, mostly located in Puncak Alam and Teluk Panglima Garang, both in Selangor. Meanwhile, 1,295 units of serviced apartment were also sold, making it the second highest category to contribute to the sales performance. As it were in 1H 2017, most purchasers were first-time house buyers, at 46%. 36% of these purchases were made with the intention of self-dwelling, while purchases made for upgrading and for family members stood at 24% and 22% respectively.

Unsold Units

66% of respondents stated to have unsold units, which is marginally lower than the 72% recorded in 1H 2017. However, despite the reduced numbers, property overhang is still a major cause for concern within the industry, as reported by the National Property Information Centre (NAPIC) and most recently by Bank Negara Malaysia’s Financial Stability and Payment Systems Report for 2017.

45% of unsold residential and commercial properties were in the price range of RM500,001 – RM1 million, which is higher than 31% in 1H 2017. Most of these units were located in Johor, followed by Selangor and Negeri Sembilan.

End-financing remained the main hurdle with 82% of respondents (73% in 1H 2017) citing it as a main cause for unsold units.

Business Operations

44% of respondents reported to be affected by the current economic scenario, with high compliance cost being quoted as the main cost component to affect cash flow. This is followed by financing cost, as well as land cost. On the other hand, respondents noted that overall cost increase of doing business has decreased to 6% compared to 10% in 1H 2017.

Affected respondents have taken several cost-cutting measures to overcome this hindrance, such as freezing new recruitments, offering less benefits and perks to employees, rescheduling the launch of planned projects as well as delaying projects.

Future Launches and Outlook for 1H and 2H 2018

More respondents are expected to launch in the first half of 2018, with a total of 110 of respondents with 27,853 units, a majority of which will be in the strata category. However, 92 of them expected their sales performance to be 50% and below. Respondents in most states plan to maintain the price range of their future launches, with the exception of Terengganu and Melaka.

About half of the respondents are neutral towards the economic and business outlook as well as property industry outlook for 2018. Overall sentiments, however, recorded a slight improvement with increased optimism.

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About REHDA Malaysia

REHDA Malaysia is an association of real estate and housing developers founded in 1970. It is recognised as the leading voice in advocacy and governance of the real estate and housing industry. Members of REHDA have built more than 4 million units housing units to date, and contributed in excess of RM20 billion annually to Malaysia's GDP, impacting at least 140 upstream and downstream industries.

About the REHDA Property Industry Survey

The REHDA Property Industry Survey is a half-yearly report conducted by REHDA, covering topics related to the property market, unearthing challenges and gleaning feedback from members on pertinent industry issues and policies during the review period.

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