



iProperty: Rental market to improve in 2H20

Govt incentives for more housing sales and developers' attractive rewards would give competition towards the rental market

by FARA AISYAH

MALAYSIA'S rental market is expected to improve in the second half of 2020 (2H20), attributed to new norms of working from home.

REA Group Asia (iProperty.com.my) GM of customer data solutions Premendran Pathmanathan said the local rental market is expected to see a slight improvement as long as businesses continue to operate during the Covid-19 pandemic.

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"The negative growth for the rental market in 1H20 was due to a huge supply that comes into the rental market, and now we have to wait and see if the supply gets absorbed in the next six months," he said at a virtual press conference yesterday.

iProperty.com.my recently launched its Rental Demand Data for 1H20 which showed a 5.6% decline in national rental



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demand during the period.

However, rental visits on iProperty.com.my showed an upward recovery of 25% by the end of the first week of July as restrictions on movement eased.

In 1H20, lower-priced high-rise properties garnered a higher rental yield compared to landed properties. Over the same period, condominiums and serviced residences

recorded rental yields of 4.17% and 4.03% respectively, while terrace houses recorded a 3.43% yield.

Condominiums were the most popular property type among rental property seekers within four of the country's major cities including Kuala Lumpur (KL), Selangor, Penang and Johor.

KL's rental market saw a demand decline of 2.9% year-on-year (YoY)

in 1H20 due to increasing numbers of both visits and listings. The areas with the best rental yield in the six months included Pantai, Brickfields, Taman Tun Dr Ismail and Wangsa Maju.

Selangor's rental demand also dipped 1.2% YoY from January to June 2020, due to the increasing number of listings surpassing the increase in visits. Ulu Kelang was

the fastest-growing area with an impressive 44.21% YoY jump in demand growth in 1H20.

Although user visits and listings in Penang grew in 1H20, the overall rental market demand in the northern state declined by 13.7% due to the higher number of listings compared to the number of user visits. Johor's rental demand also fell by 19.5% in 1H20 as the number of listings outweighed the number of user visits.

Premendran said government incentives for more housing sales and developers' attractive rewards would give competition towards the rental market.

iProperty.com.my — which also published the 1H20 Portal Demand Analytics — urged the government to provide incentives for the subsale market in the upcoming Budget 2021 announcement.

"I'm hoping for a stamp duty exemption for a certain price range on transactions in the subsale market. The incentive given previously — the revision of base year for real property gains tax announced in Budget 2020 — only benefitted the seller, but there were no benefits for the buyers," Premendran said.

He said the subsale market represented about 8% of the Malaysian property market.