



Gen Rent in a fix

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▶ House prices well beyond the reach of average millennial

PETALING JAYA: The traditional view is that life is about growing up, getting a job, settling down and buying a house. But for most of the younger Malaysians today, the last item is likely to be struck off the list. They just do not have the money, unless the parents or a rich relative chips in.

For all intents and purposes, the children and grandchildren of baby boomers have become a generation of renters.

Millennials, who are just entering adulthood and getting their first jobs, are signing up for long-term leases rather than putting a downpayment for a home that they can call their own.

Property expert Yeow Thit Sang attributes this to the fact that average income has not risen in tandem with property prices.

"Some cannot even afford the 10% downpayment for a house, let alone the monthly instalments," said Yeow, a former president of the Malaysian chapter of the International Real Estate Federation (FIABCI).

"Even if their parents chip in for the downpayment, there is still the monthly payments to worry about, and it is not easy to keep up," he pointed out.

He said the basic salaries of fresh graduates have not kept up with the rate of increase in the

prices of property.

"I acknowledge that there are projects such as PRIMA (Perumahan Rakyat 1Malaysia or 1Malaysia People's Housing) that come with houses costing about RM150,000 each. But under the current economic conditions, and with low basic salaries, even that is beyond most young people's reach," he told *theSun*.

"In my days, houses were affordable even with our salaries," he added. "Now, there is an imbalance between property prices and income."

Yeow acknowledged that it is difficult to reduce property prices now given the high

value of land, particularly in urban areas.

"Furthermore, labour costs have also risen. In my day, it was RM8 to RM10 a day, now it's RM80 to RM100, and that's only for unskilled workers," he said.

Perama Rajasingam, a real estate negotiator at Reapfield Properties, said young people are now less likely to commit to a long-term investment.

"They are also fickle-minded, so most of them end up renting," she told *theSun*.

She said many could still be paying off other debts, such as study loans and credit card dues.

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Govt urged to help youth own house

Greenfield Properties real estate agent James Ang said many millennials tend to have big dreams, for which they do not have the resources to achieve.

"They may have big plans (perhaps to buy an expensive property), but they neither have enough saved up for the downpayment nor the monthly income to afford the instalments

on the loan," he told *theSun*.

"Younger Malaysians should consider opting for second-hand homes instead of looking at new projects as they usually cost a bomb. Also start saving. Learn to save as much as you can even if it is a small amount a day. In the long run, it will help," he said.

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Yeow proposed that the government help by offering millennials a rent-to-buy option to help them acquire their own property.

This strategy has already been put in place to encourage home ownership among people in the B40 or low-income group, but those are for low-cost homes.

"In this case, the rent can be

(used) as part of the downpayment and instalment for the property," he said.

"Eventually, they get to own the house."

Yeow said the government should step up to help young people.

"After all, it is the government's duty to help those in need," he added.