Malaysia Property Market Trend Analysis - Residential

Big Data Analytics for Real Estate & Property Development

2nd May 2019
Presentation Outline

• Overview
  ➢ Residential Transactions
  ➢ Malaysia House Price Index (MHPI)
  ➢ Residential Loan Approval Rate
  ➢ Residential Demand & Stock

• Residential trend Analysis on Key States:
  ➢ KL, Selangor, Penang, Johor

• Conclusion
Residential Transactions in Malaysia
Residential Property Market Seems to Have Bottomed

• Number of transactions and total transacted value increased marginally by 1.4% and 0.4% y-o-y respectively.

Source: NAPIC, 2019

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Residential Transactions in Malaysia
A Change in Trends Since 2014

Average Transacted Value (RM)

- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018

1. Increased foreign floor price from RM500k to RM1 mil per unit
2. DIBS abolished

1. Developers building more affordable housing
2. Pre-election

- Average transacted value declined 1.0%.

Source: NAPIC, 2019
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Malaysian House Price Index
Growth of House Price is the Slowest Since 2001

Malaysian House Price Index (2010 = 100)
Annual growth (%)

*Note: 2018 Q3 figures are preliminary (P)
Source: NAPIC, 2019

- The easing in house price growth has been reflective of weaker demand for properties in the higher-priced segments.
- The Government and market is building more properties within the affordable price range.
Malaysian House Price Index by house type

Positive Increases Seen in Terrace and Semi-D

Malaysian House Price Index (2010 = 100)

*Note: 2018 Q3 figures are preliminary (P)
Source: NAPIC, 2019

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Malaysian House Price Index by house type
Negative Growth Seen in High Rise Residential and Detached

Malaysian House Price Index (2010 = 100)

High rise -3.8%
Detached -3.7%

Note: 2018 Q3 figures are preliminary (P)
Source: NAPIC, 2019

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Source: NAPIC, 2019
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*Data used are taken largely from reports by NAPIC, Bank Negara Malaysia and Department of Statistics
More loan applications possibly shows higher residential property demand.
Increase in loan approval indicates that banks are more lenient.

Source: Bank Negara Malaysia, 2019
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Increasing Demand for Properties Priced between RM300k and RM500k

### Breakdown of residential transactions according to price range

<table>
<thead>
<tr>
<th>Price Range</th>
<th>2017</th>
<th>2018</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; RM300,000</td>
<td>122,263</td>
<td>123,724</td>
<td>1.2%</td>
</tr>
<tr>
<td>RM300,000 - RM500,000</td>
<td>38,624</td>
<td>40,731</td>
<td>5.5%</td>
</tr>
<tr>
<td>RM500,000 - RM1mil</td>
<td>25,502</td>
<td>24,583</td>
<td>-3.6%</td>
</tr>
<tr>
<td>&gt; RM1mil</td>
<td>8,295</td>
<td>8,347</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>194,684</strong></td>
<td><strong>197,385</strong></td>
<td><strong>1.4%</strong></td>
</tr>
</tbody>
</table>

*Source: NAPIC, 2019*

- More transactions for residential properties between RM300,000 to RM500,000 were recorded in 2018.
Residential Stock
Slowing Growth in Stock

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Stock (Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>84,840</td>
</tr>
<tr>
<td>2014</td>
<td>122,921</td>
</tr>
<tr>
<td>2015</td>
<td>4,956</td>
</tr>
<tr>
<td>2016</td>
<td>382,955</td>
</tr>
<tr>
<td>2017</td>
<td>192,552</td>
</tr>
<tr>
<td>2018</td>
<td>149,429</td>
</tr>
</tbody>
</table>

Source: NAPIC, 2019

- Stock increase has reduced in 2017 and 2018.
Residential Stock
Increasing Unsold Units of Existing Stock

Unsold units of existing stock (units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Unsold Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>15,091</td>
</tr>
<tr>
<td>2013</td>
<td>13,547</td>
</tr>
<tr>
<td>2014</td>
<td>9,733</td>
</tr>
<tr>
<td>2015</td>
<td>10,285</td>
</tr>
<tr>
<td>2016</td>
<td>14,792</td>
</tr>
<tr>
<td>2017</td>
<td>24,738</td>
</tr>
<tr>
<td>2018</td>
<td>32,313</td>
</tr>
</tbody>
</table>

Source: NAPIC, 2019

- Despite this, unsold units are rising.
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Residential Transactions
Positive Transaction Growth in Key States

Number of residential transactions in key states

<table>
<thead>
<tr>
<th></th>
<th>Kuala Lumpur</th>
<th>Selangor</th>
<th>Johor</th>
<th>Penang</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>11,252</td>
<td>48,879</td>
<td>26,186</td>
<td>13,244</td>
</tr>
<tr>
<td>2017</td>
<td>10,856</td>
<td>47,551</td>
<td>24,886</td>
<td>12,090</td>
</tr>
<tr>
<td>2018</td>
<td>10,983</td>
<td>47,715</td>
<td>26,885</td>
<td>12,551</td>
</tr>
</tbody>
</table>

Source: NAPIC, 2019

- Johor recorded the highest growth of 8.0% in residential units transacted, meanwhile Selangor recorded the lowest, 0.3%. 
Take-up rate of completed and incoming stock
% of Unsold Units Increase, Except for Penang

<table>
<thead>
<tr>
<th>Year</th>
<th>Kuala Lumpur</th>
<th>Selangor</th>
<th>Johor</th>
<th>Penang</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>717</td>
<td>1,718</td>
<td>3,671</td>
<td>1,896</td>
</tr>
<tr>
<td>2017</td>
<td>929</td>
<td>3,713</td>
<td>4,376</td>
<td>3,916</td>
</tr>
<tr>
<td>2018</td>
<td>2,769</td>
<td>4,693</td>
<td>6,066</td>
<td>3,502</td>
</tr>
</tbody>
</table>

Overall Unsold Rate %

- Kuala Lumpur: 0.16%, 0.58%, 0.31%
- Selangor: 0.12%, +26%, 0.31%
- Johor: 0.49%, 0.75%, +39%
- Penang: 0.39%, 0.69%, -11%
Take-up rate of completed and incoming stock

Highest Number of Unsold Completed Units seen in Johor

<table>
<thead>
<tr>
<th>State</th>
<th>Unsold Unit</th>
<th>% (Unsold in state/ total unsold in Malaysia)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johor</td>
<td>6,066</td>
<td>19%</td>
</tr>
<tr>
<td>Perak</td>
<td>5,367</td>
<td>17%</td>
</tr>
<tr>
<td>Selangor</td>
<td>4,693</td>
<td>15%</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>3,502</td>
<td>11%</td>
</tr>
<tr>
<td>Kedah</td>
<td>3,311</td>
<td>10%</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>2,769</td>
<td>9%</td>
</tr>
<tr>
<td>Sarawak</td>
<td>1,412</td>
<td>4%</td>
</tr>
<tr>
<td>Pahang</td>
<td>1,405</td>
<td>4%</td>
</tr>
<tr>
<td>Sabah</td>
<td>1,377</td>
<td>4%</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>1,046</td>
<td>3%</td>
</tr>
<tr>
<td>Melaka</td>
<td>759</td>
<td>2%</td>
</tr>
<tr>
<td>Terengganu</td>
<td>402</td>
<td>1%</td>
</tr>
<tr>
<td>Kelantan</td>
<td>139</td>
<td>0%</td>
</tr>
<tr>
<td>Perlis</td>
<td>65</td>
<td>0%</td>
</tr>
<tr>
<td>Putrajaya</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Labuan</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>32,313</td>
<td>100%</td>
</tr>
</tbody>
</table>
### Number and sales performance of new launches in Kuala Lumpur

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Units launched</strong></td>
<td>5,816</td>
<td>22,112</td>
<td>9,714</td>
</tr>
<tr>
<td><strong>Units sold</strong></td>
<td>1,588</td>
<td>4,313</td>
<td>2,897</td>
</tr>
<tr>
<td><strong>Take-up rate</strong></td>
<td>27.30%</td>
<td>19.50%</td>
<td>29.80%</td>
</tr>
</tbody>
</table>

Source: NAPIC, 2019

- Developers have scaled back in 2018.
- Take up rate has improved from 19.5% to 29.8%.
- Of the 9,714 units launched, JLL tracks 4,000+ prime and luxury units in prime locations.
- Based on JLL’s in-house research data, about 45% of the 4,000+ prime and luxury residential units launched in 2018 were taken-up.
### Take-up rate of newly launched stock (Selangor)

**Number of Units Launched Dropped**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Units launched</strong></td>
<td>8,087</td>
<td>13,522</td>
<td>12,177</td>
</tr>
<tr>
<td><strong>Units sold</strong></td>
<td>2,875</td>
<td>6,100</td>
<td>5,425</td>
</tr>
<tr>
<td><strong>Take-up rate</strong></td>
<td>35.60%</td>
<td>45.10%</td>
<td>44.60%</td>
</tr>
</tbody>
</table>

*Source: NAPIC, 2019*

- Units launched and units sold maintained.
- Take-up rate in Selangor has always been higher than KL.
- Take-up rate stays good.
Incoming supply vs Projected increase in HH

Food for Thought

Currently, it appears that the number and of existing housing in KL and Penang is more than its population.

At the same time, overhang units in all states are high?

What does this mean?

<table>
<thead>
<tr>
<th>State</th>
<th>2018 Existing Housing</th>
<th>2018 No. of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kuala Lumpur</td>
<td>478,258</td>
<td>449,050</td>
</tr>
<tr>
<td>Selangor</td>
<td>1,537,300</td>
<td>1,629,625</td>
</tr>
<tr>
<td>Johor</td>
<td>811,350</td>
<td>941,200</td>
</tr>
<tr>
<td>Penang</td>
<td>507,827</td>
<td>444,550</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5,577,922</td>
<td>8,141,725</td>
</tr>
</tbody>
</table>

Source: NAPIC, 2019; Department of Statistics Malaysia, 2019
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Conclusion & 2019 outlook

- The residential property market is expected to remain challenging in 2019.

- Landed properties would likely see better demand.

- Housing affordability continues to be the main focus of housing industry. According to Bank Negara, more than 70% of loans approved were for first-time home buyers of properties priced below RM500k.

- Developers should monitor the new affordable homes built by the government in order to supply a niche that is not served.

- The unprecedented large property overhang will take more time for the market to absorb before the residential market could stage a meaningful recovery.
Awards won by JLL Property Services (Malaysia)

- MIEA National Real Estate Awards 2017 – Commercial Real Estate Firm of the Year
- MIEA National Real Estate Awards 2017 – Real Estate Agent of the Year YY Lau
- MIEA National Real Estate Awards 2018 – Commercial Real Estate Firm 2018
- Asia Pacific Property Awards 2017-2018 – Best Real Estate Agency Malaysia
- Asia Pacific Property Awards 2018-2019 – Best Real Estate Agency Malaysia
- Asia Pacific Property Awards 2018-2019 – Best Property Consultancy Malaysia
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