

## BUDGET 2026

On 10 October 2025, Prime Minister Datuk Seri Anwar Ibrahim unveiled Budget 2026, amounting to RM470 billion, which is the largest in Malaysia's history. The allocation comprises RM338.2 billion for operating expenditure and RM81 billion for development expenditure.

Public revenue for 2026 is projected at RM343.1 billion, up from RM334.1 billion in 2025, while the fiscal deficit is expected to narrow to 3.5%, compared to 3.8% this year. The Malaysian economy is anticipated to expand by 4.0% to 4.5% in 2026. The following section outlines key Budget 2026 measures relating to the real estate and housing development industry:

### INFRASTRUCTURE

- **RM48 billion** for the **construction of new highways and the upgrading of existing highways in Sabah and Sarawak**, including RM1.67 billion for the Pan Borneo Sabah.
  - Sarawak-Sabah Link Road (SSLR) Phase 1 is expected to be completed in November 2026.
  - SSLR Phase 2 is currently under construction and is expected to be completed in mid-2029.
- **RM3.3 billion** for **rural basic infrastructure projects**, including RM2.5 billion for the construction and repair of village roads and rural linkage roads.
- **RM180 million** for NIMP Industrial Development Fund to finance **industrial development programmes** in high-impact sectors, including pharmaceuticals, semiconductors, AI, digital and sustainability.

### GREEN INITIATIVES

- **100% Green Investment Tax Allowance (GITA)** will be available for companies using locally manufactured, MyHIJAU Mark-certified green technology products for Own Use.
- The National Energy Transition Roadmap (NETR) sets a target of 70% of electricity generation capacity to come from renewable energy (RE) sources by 2050.
  - The NETR continues to be driven by industry players with the support of the RM150 million National Energy Transition Fund.
  - A large-scale solar (LSS 6) generation project will be implemented with a capacity of nearly 2 gigawatts, involving an estimated RM6 billion in private investment.
- Government-linked investment companies (GLICs) and Government-linked companies (GLCs) are mobilising investments worth RM16.5 billion for 2026. For instance, UEM Lestra is developing solar farms in Segamat, Melaka and Selangor and collaborating with PLUS to expand EV charging facilities.
- The **Green Technology Financing Scheme (GTFS) 5.0** will be extended until 31 December 2026, offering government guarantee of up to 80% for green technologies in the waste sector and up to 60% for other sectors such as energy, water, transport and manufacturing, with a total financing value of RM1 billion.

- A **Carbon Tax** will be introduced in 2026, with initial focus on the iron, steel and energy sectors. To ensure efficient implementation, the mechanism will be aligned with the National Carbon Market Policy and the forthcoming Climate Change Act.

## URBAN DEVELOPMENT

- Kuala Lumpur City Hall (DBKL) allocates RM500 million for urban improvements:
  - RM200 million for redevelopment of old hawker centres, markets and food courts.
  - **RM300 million** for maintenance of buildings, wiring and road facilities within **People's Housing Programme (PPR) schemes**.
- **50 acres of Malay Reserve Land will be added to Bandar Malaysia.** Petronas (the landowner of Bandar Malaysia) is preparing a development plan. The first phase of development will commence by the end of 2026.

## HOUSING

- **Kota MADANI Presint 19** is introduced as Malaysia's first smart, AI-integrated and green city. It will feature 10,000 homes, of which 80% are reserved for civil servants.
- The concept of **Vertical School** will be introduced to optimise land use in high-density areas, merging schools and housing within a single complex.
  - The three pilot projects include Kota MADANI Presint 19 in Putrajaya, Rumah Bakat MADANI SkyWorld Pearlmont in Seberang Perai, Penang and Residensi Aman MADANI in Bandar Sri Permaisuri, Kuala Lumpur.
- **RM672 million for the People's Residency Programme (PRR) and Rumah Mesra Rakyat (RMR) programmes.**
  - PRR Ayer Lanas in Kelantan, PRR Masai in Johor and a few other projects are expected to be completed in 2026, benefitting 33,000 residents.
- **RM20 billion for Housing Credit Guarantee Scheme (SJKP)**, expected to benefit 80,000 first-time homebuyers, including the self-employed and gig workers.
- RM500 million for reconstruction or repair of more than 3,300 dilapidated houses, including 380 fishermen's houses.
- Initiatives for improving facilities in **Public Housing Project (PPR)** areas:
  - RM143 million for the maintenance of low- and medium-cost stratified housing, including the replacement of old lifts;
  - Nearly RM90 million to upgrade basic infrastructure in Chinese New Villages and Indian settlements; and
  - RM95 million to repair and upgrade public toilets and public parks across all local authorities (PBTs).
- **Full stamp duty exemptions on property transfer and loan agreements for homes priced up to RM500,000 for first-time homebuyers will be extended to 31 December 2027.**
- **A stamp duty rate of 4% to 8% on instruments of transfer for residential properties** will be imposed on **non-citizens and foreign companies**, except for individuals with permanent resident status in Malaysia.

- A **special tax deduction of 10%** will be granted for eligible expenses incurred in **renovating and converting commercial buildings into residential properties**, subject to a maximum limit of RM10 million.
- Financial institutions are encouraged to support **rent-to-own (RTO) and build-then-sell (BTS) housing schemes**, in line with the 13th Malaysia Plan (RMK13) to promote homeownership.
- Nearly **RM2.2 billion** for the construction, maintenance and repair of **government quarters**.
- A RM500 million project will be undertaken to build the Armed Forces Family Housing (RKAT) at the Kuantan Air Base, Pahang, benefiting nearly 800 military personnel.
- Initiatives for contract staff facing difficulties in securing first-home financing:
  - *Syarikat Jaminan Kredit Perumahan (SJKP)* set aside RM1 billion to offer loan guarantees of up to 120%.
  - *Bank Simpanan Nasional (BSN)* will provide RM500 million to finance first-home loans for contract public servants.
- The **Young Home Financing Scheme** under Public Sector Home Financing Board (LPPSA) will be extended until 31 December 2026, expected to benefit up to 48,000 young public servants under the age of 30.
- The **maximum eligible financing limit under LPPSA** will be increased to RM1 million, in line with salary adjustments and rising property market prices.
- The **second home financing scheme under LPPSA** will be simplified, enabling applicants to obtain new financing without fully settling their first loan, subject to the remaining eligible financing limit. This measure will be introduced as early as the fourth quarter of 2026.

## ECONOMY

### Malaysia's Income Gap At 50-Year Low, but Rural and Ethnic Disparities Remain

*The Edge – 8 October 2025*

Malaysia's income inequality hit a 50-year low in 2024, though rural and ethnic gaps persist, according to the Department of Statistics Malaysia (DOSM). The Gini coefficient fell to 0.39, the lowest since records began in 1974, based on the 2024 Household Income Survey covering 8.2 million households.

### Federal Loans to States Reached RM24.15 Billion as of August 31

*The Star – 9 October 2025*

The Federal Government has approved some RM24.15 billion in loans to States as of 31 August 2025, says the Finance Ministry. The loans fall into four categories which are low-cost public housing, water supplies, State economic development corporations and miscellaneous.

## GOVERNMENT

### Government Says Residents, Not Authorities, Chose Kampung Sungai Baru Developer

*The Edge – 9 October 2025*

Minister in the Prime Minister's Department (Federal Territories), Datuk Seri Dr Zaliha Mustafa said the residents independently agreed to the redevelopment, chose the developer, and signed the agreement without Government interference. Supporters of the project were given replacement units along with additional benefits such as relocation allowances and rental assistance.

## PROPERTY

### Overlapping Ownership a Big Hurdle in Redeveloping Malay Reserve Land

*The Star – 6 October 2025*

Overlapping land ownership is a major obstacle to redeveloping Malay reserve land, said Minister Datuk Seri Dr Zaliha Mustafa, citing a Kuala Lumpur case where 256 people claimed the same 808 sq m (8,700 sq ft) plot.

### Perak Government to Regulate Non-Strata Gated and Guarded Communities

*The Star – 6 October 2025*

The Perak Government will focus on regulating and legalising guardhouses in non-strata residential areas, says Housing and Local Government committee chairman, Sandra Ng. She said this was to ensure that safety measures in such areas are implemented in line with the law.

## **GreenRE and SHAREDA Ink Agreement to Boost Sustainable Development in Sabah**

*The Edge – 9 October 2025*

Under the collaboration, both organisations aim to facilitate capacity-building and training programmes for developers in Sabah, support the certification of residential and commercial projects under the GreenRE framework and enhance industry awareness of the economic and environmental advantages of sustainable development.

## **Nga: Cities of the Future will be Resilient and Equitable**

*The Star – 10 October 2025*

Malaysia remains steadfast in building sustainable, inclusive and resilient cities while driving housing reforms, says Nga Kor Ming. The Housing and Local Government Minister said that under the 12th Malaysia Plan, the Government had achieved 98.8% of its target to build 500,000 affordable homes as of August 2025.

## **CONSTRUCTION**

### **Unit Price Index of Steel Up 0.4%-1.9% in September 2025**

*The Edge – 9 October 2025*

The unit price index of steel rose between 0.4% and 1.9% in September 2025 compared to the previous month, according to the Department of Statistics Malaysia (DOSM). Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the largest increase was recorded in Miri (1.9%), followed by Perak (1.8%) and Sibu (1.7%).

## **INFRASTRUCTURE**

### **Malaysia Yet to Decide on Development Model For Kuala Lumpur–Singapore High-Speed Rail**

*The Edge – 8 October 2025*

Malaysia has yet to decide on the Kuala Lumpur–Singapore High Speed Rail (HSR) project, despite seeking concept proposals from private firms two years ago. Transport Minister Anthony Loke said the evaluation of the Request for Information (RFI) exercise conducted by MyHSR Corporation Sdn Bhd was presented to the Cabinet on 8 January 2025.

### **Selangor Launches New IoT-Enabled Industry Park to Accelerate Industry 4.0 Adoption**

*The Edge – 9 October 2025*

To prepare Selangor for the next step in Industry 4.0, the State Government officially launched the IoT Enabled Industrial Park (IEIP), an initiative that promotes the implementation of smart technologies across selected industrial parks in the State.

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