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Property market showing signs of bottoming out

The Star, Malaysia

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Consultant expects sector to gather momentum in second half

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PETALING JAYA: The Malaysian property market is showing signs of bottoming out, underpinned by government-driven initiatives such as the ongoing Home Ownership Campaign 2019 (HOC).

Knight Frank Malaysia managing director Sarkunan Subramaniam said in a statement yesterday that Malaysia's property market is poised to gather more momentum moving into the second half of 2019 as the market is "firing various cylinders".

In the same statement, the property consultancy said the HOC (which was extended six months till the end of 2019 from June 30 initially) will continue to stir interests among homebuyers while providing an opportunity for developers to clear existing stock.

"The first half of the year also saw the launches of a few high-end condominium and serviced apartment projects on pockets of land in Kuala Lumpur city."

The campaign, a collaboration between the Housing and Local Government Ministry and the Real Estate and Housing Developers' Association Malaysia, was initiated in January to increase home ownership among Malaysians and also to address the property overhang situation.

Sarkunan is optimistic that the HOC will provide further traction to the housing market, including the high-end condominium and serviced apartment segments.

"Many developers are participating in the HOC as it presents a good opportunity for them to clear their existing inventories and is positive for the residential market," he said.

The main incentives of the HOC include a minimum 10% discount on the property price from developers, stamp duty exemption on property sales and purchase agreements for properties priced up to RM1mil and stamp duty exemption for loan agreements up to RM2.5mil.

On the commercial sub-sector, Knight Frank Malaysia said the looming supply and weak absorption continues to impact the Klang Valley office market, with rental and occupancy levels seen to be holding firm in the KL fringe and Selangor.

"The availability of good grade office supply at competitive rentals and the expanding public rail transit lines have boosted the popularity of decentralised office locations," it said.

Knight Frank Malaysia valuation and advisory executive director Keith Ooi was of the opinion that in the tenant-led office market currently, landlords need to be realistic on their rental expectations.

He said the growing co-working/shared services segment provides a small window of opportunity for letting.

"Retail sales growth has improved although consumers remain prudent in their spending amid rising cost of living and slower income growth."

Ooi said mall operators are allocating a higher percentage of their leasable space for experiential retail purpose, while more retailers are integrating their digital and brick-and-mortar outlets in line with rapid changes in retail trend and consumer behaviour.

"Despite heightened competition in the retail market, prime malls continue to enjoy high occupancies with most garnering single-digit growth in terms of rental reversion," he said.

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