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Affordable condos and apartments top residential property overhang

The Malaysian Reserve, Malaysia



REHDA

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Residential units within the RM200,001 and RM300,000 range made up the largest category of unsold units

by ALIFAH ZAINUDDIN

UNSOLD high-rise units with the price tag between RM200,000 and RM300,000 formed the bulk of total overhang residential properties in the first half of this year (1H19), according to the Valuation and Property Services Department (JPPH).

Based on the data from the department, the residential supply overhang increased slightly by 1.5% to 32,810 units valued at RM19.76 billion during the period against 32,313 units worth RM19.86 billion the year prior.

Out of the total, about 15% or 4,912 units comprise condominiums and apartments within the affordable range.

Across various property types, residential units priced within the RM200,001 and RM300,000 range made up the largest category of unsold units at 22.3% with 7,328 units. This is followed by properties priced between RM300,001 and RM400,000 at 17.5% with 5,731 units.

The data also revealed that residential properties worth over RM1 million represented 12.8% of the overhang with 4,213 units.

By state, Johor had the highest number of residential overhangs at 6,196 units, followed by Perak (5,796 units) and Selangor (4,243 units).

"This is not something we had



Amiruddin says the situation of unsold units could be attributed to a myriad of factors including location, mismatch and home loan approvals

anticipated. Typically, properties that are unsold are in the luxury segment that is priced in the millions.

"We need to find out what had contributed to this rise," Deputy Finance Minister Datuk Amiruddin Hamzah told reporters after the launch of the Malaysia Property Market 1H19 report by JPPH in Kajang, Selangor, yesterday.

Amiruddin said the situation could

be attributed to a myriad of factors including location, mismatch and home loan approvals.

In 1H19, the property sector recorded a slight increase in transaction volume and value, rising by 6.9% to 160,172 units and 0.8% to RM68.3 billion respectively, as a result of solid GDP growth in the first two quarters.

Residential property made up the largest share of the market at 62.4%

with 99,922 transactions worth RM34.65 billion — an increase of 6.1% in volume and 9.5% in value.

All states recorded higher market volume except for the Federal Territories of Labuan and Perak.

In fact, uptrend in major states — namely Kuala Lumpur (KL) (7%), Selangor (5.8%), Johor (1.2%) and Penang (0.5%) — led to the overall rise.

Meanwhile, the number of new residential launches had halved to 23,591 units from 46,617 units a year ago, with sales performance at an average of 31%.

Perak posted the highest number of new launches with 4,557 units, followed by Penang (3,216 units), KL (2,565 units) and Selangor (2,387 units).

By property type, terraced houses dominated the new launches with single-storey and multiple-storey units contributing 50% or 11,789 units to the overall figure. Condominiums and apartments came in second at 35.2% with 8,321 units.

In commercial property, a total of 12,960 transactions worth RM12.53 billion were recorded in 1H19 — up by 20.4% in volume but a value decline by 20.8%.

Performances across all states improved except in Putrajaya. KL rose by 13.4%, while Selangor, Penang and Johor posted increases of 37%, 8.4% and 0.1% respectively.

The property market is expected to remain resilient throughout the rest of the year. Strong GDP growth, lower borrowing costs, the Home Ownership Campaign and a new rate for the Real Property Gains Tax on the disposal of properties after five years are some of the factors that will drive the sector.



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SUMMARIES

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