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Young renters, investors eye **property** post-Covid-19

➤ MCO has made first-timers more appreciative of benefits of having their own home, says PropertyGuru Malaysia head

PETALING JAYA: First-time home seekers and investors are prioritising property as Malaysia enters the recovery stage in the government's six-phase plan against the Covid-19 pandemic, according to PropertyGuru in its Malaysia Consumer Sentiment Study H2'20 report.

While the national Property Sentiment Index fell from 42 index points in H1'20 to 39 in H2'20, young renters aged 22 to 29 are least likely to delay their property-purchasing decisions. This is coupled with greater intent to purchase by investors, who are more likely to time their purchases according to price and market movements.

However, awareness and uptake of alternative financing programmes and digital tools have ample room to grow, despite the fact that Malaysians cite home loan financing, property viewings and information sourcing as key challenges in the property decision-making process.

PropertyGuru Malaysia country manager Sheldon Fernandez has seen a lot of market uncertainty in the wake of Covid-19 and the resulting movement control orders in Malaysia, with numerous viewpoints, models and strategies from industry players trying to make sense of the pandemic and its impact on property.

"Looking purely at consumer sentiment, however, some patterns are clear. One of these is that extended, enforced time at home has perhaps made renters and younger home seekers more appreciative of the benefits of owning their own property. Another is that investors are on the lookout for purchases, though these demographics differ in their approach to purchase timing," he said in a statement.

The recent study showed that 51% of renters and 47% of respondents from 22 to 29 years of age would not delay property

transactions due to Covid-19 and its impacts. This compares with 23% of respondents aged 60 and above, underscoring the importance of home ownership to younger groups.

Respondents from lower income backgrounds are also less likely to delay their purchases, indicating continuing demand for affordable housing amid economic headwinds.

Overall, more Malaysians are citing intention to purchase for investment purposes post-Covid-19, increasing from 47% of respondents in H1'20 to 53% in H2'20. Despite this increase in purchasing intent, investors are most likely to delay property purchasing decisions in the short term among demographics surveyed. This can be attributed to their need to maximise returns, with purchase timing subject to projected price and market movements.

"However, healthy demand remained in H2'20 with 37% of respondents citing purchasing intent by year-end, and only a slim majority (57%) prefer purchases in 2021."

This optimism is even more pronounced in the long term, with just 8% of investors sharing they would defer property buying by three to five years in the event of a recession.

Aside from price uncertainty and delays in purchases, difficulties in viewing properties (52%) and challenges in securing home loans (41%) are the issues most frequently faced by Malaysians returning to a new normality. Though keen on property, renters (46%) and those living with parents (51%) are most likely to have difficulty finding loans. Inability to obtain sufficient information on property (29%) is also a common concern.

The study also found that only 26% of respondents would refinance their home loans, despite a historically low Overnight Policy Rate following a series of revisions by Bank Negara Malaysia and the possibility of greater cash liquidity for approved applicants.

I won't delay potential property transactions due to the Covid-19 situation

