

Headline	Expect more developers to build affordable houses in future		
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Expect more developers to build affordable houses in future

KUALA LUMPUR: Expect more affordable houses available in the market in the future, but note that property developers consider affordable houses as those within the range of RM400,000 to RM700,000.

According to AmInvestment Bank Bhd (AmInvestment Bank), the rapid surge in property prices has been one of the key issues in Malaysia over the past few years.

"At the same time, average household income has not increased at the same pace as property prices, causing a mismatch between housing supply and demand," AmInvestment Bank said in its property sector report.

"Housing affordability has widely been discussed in recent years. Complex is its definition and there have been numerous attempts to understand what it means.

"According to Bank Negara Malaysia, the maximum affordable house price in Malaysia is RM282,000 based on the household average income while the new launchings are averagely priced at RM417,000.

"According to the definition by the Valuation and Property Services Department (JPPH) under the Ministry of Finance, the average affordable house is priced RM200,000 to RM300,000."

"However, property developers consider affordable houses as those within the range of RM400,000 to RM700,000."

AmInvestment Bank also highlighted that according to official data from the National Property Information Centre (Naptic), 61.7 per cent of the 209,295 property transactions done in 2019 are priced below RM300,000, followed by the RM300,000 to RM500,000 range at 21.3 per cent; RM500,000 to RM1 million at 13.3 per cent; and above RM1 million at 3.7 per cent.

On affordable home schemes by the government, AmInvestment Bank recapped that affordable housing in Malaysia is mainly provided by 1Malaysia Housing Programme (PR1MA) which was established in 2012.

"PR1MA's houses are priced between RM100,000 and RM400,000, and are only offered to Malaysians with a monthly household income of RM2,500 to RM15,000.

"Besides PR1MA, there are also several schemes available to the public namely Perumahan Penjawat Awam Malaysia (PPAM); My First Home Scheme (MFHS); the Federal Territory Malaysia Home (RUMAWIP); Rumah Selangorku and many more."

As for affordable homes by



Affordable housing in Malaysia is mainly provided by 1Malaysia Housing Programme which was established in 2012. — Bernama photo

private developers, the research firm noted that in the past two to three years, many developers have moved to affordable properties from higher-end products.

"Mah Sing Group Bhd for example, has begun building

residential properties under RM600,000 for more than three years. The company rolled out four key projects in the past 12 months with prices starting from below RM500,000.

"Scientex Bhd has several projects largely in the southern

region of Peninsular Malaysia offering residential properties (landed and high-rise) priced RM200,000 to RM350,000.

"Crest Builder Holdings Bhd is planning to build residential apartments in Klang with starting prices below RM300,000,

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scheduled for launching in the first half of 2021 (1H21).

"Meanwhile, Matrix Concepts Holdings Bhd is known for its affordable residential properties in Negeri Sembilan and Johor."

Overall, AmInvestment Bank opined that as proven by the popularity and more units being sold of residential properties priced between RM400,000 and RM700,000, more developers will be venturing into this area.

"We believe there will be more landbanking activities in the near future, especially pockets of lands within 15km of KL city centre as location is one of the key selling points of these properties.

"As for township developers, we believe future phases of developments will feature similar types of our featured properties.

"We understand that affordable housing generally commands low margins, and margins may even be reduced further given the rising competition in the segment.

"Nonetheless, we believe affordable housing projects could work out if the developer is able to sell these properties in large quantities; has access to highly cost-effective and speedy construction methods, and able to secure strategic landbank with a high plot ratio at favourable prices."