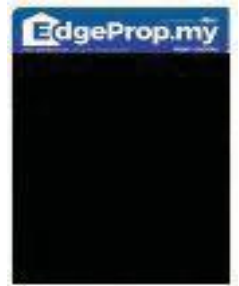


Headline	2018 CHANGE 2019 MORE CHANGES?		
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**+ Skyscrapers** that altered the Malaysian skyline in 2018 – **PG4**

**+ Five glam-ping sites** to get you hooked on the outdoors – **PG14**

EdgeProp.my wishes all our readers a very Happy 2019!

Some may say good riddance to 2018 but others see it as a year that marked a new beginning for the country. In this year-end special issue, we look back at some of the highlights of 2018, especially those pertaining to the property sector, and take a look at what may lie ahead for the industry.

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# Challenging 2018, hopeful 2019

Malaysians started 2018 full of apprehension. Our attention was riveted during the 14th General Election, after which we were rewarded with a new government. It was like hitting the refresh button for the country, and the patriotic spirit of Malaysians soared to an all-time high. But the euphoria did not liven up the sluggish economy and the equally lethargic property sector.

In view of the change in government and in the spirit of a new Malaysia, **EdgeProp.my** asked 19 real estate consultants and three real estate-related organisation leaders about their thoughts on 2018, and to list the major challenges they foresee for the property sector in 2019.

BY **EDGEPROP.MY**

**T**he consensus seemed to be disappointment with the subdued performance of the local property market in 2018 and that the current challenges will continue to plague the sector, while new ones appear — oversupply, affordability, end-financing and overall economic slowdown, among others. Many believe the challenging environment will prevail for some time, considering the lack of growth catalysts in the near term.

Nevertheless, some industry experts are optimistic about the future, banking on the wisdom of the new leadership in Malaysia which is focused on bringing down property prices and to facilitate the development of more affordable housing, while aiming to create a more transparent business environment which will in turn improve consumer and investor sentiments.

EdgeProp.my delves into their thoughts on the country's property market in the days to come.

## Foo Gee Jen

**CBRE|WTW managing director**



### Top three challenges for the property market in 2019

1. Housing affordability continues to be a concern. The challenge is to bring down prices by 40% to 50% for housing to be truly affordable for the majority of the M40 and B40 population. We will need to correct the supply and demand mismatch in the market, bring down house cost, improve financial capacity of Malaysians and enhance execution at federal level — all of which are structural in nature and would need time and effort to delineate.
2. Potential decline in domestic expenditure — Putting mega infrastructure projects on hold will substantially reduce cash circulation in the economy which

has been contributing significantly to domestic consumption and income. The focus of demand drivers could possibly be more reliant on the growth in the manufacturing and service sectors.

3. Keeping space reinvention in check — As sales, occupancy rates and rental yields are squeezed by the stagnant market, developers and owners are becoming more creative in the search for rental income. For instance, residences are offering short-term rentals; serviced apartment developments are offering retail spaces for lease; and office owners are creating co-working spaces that offer 5-star hospitality services. Problems of public safety, public liability and conflict of usage with different property users will arise and the challenge will be to change existing laws and regulations to cover such activities.

### Market catalysts

Challenges will also be catalysts.

1. Fall in house prices will boost demand, leading to new housing starts. The government expressed its intention to reduce compliance costs in the upcoming National Housing Policy 2.0. Such costs could be borne by utility companies and not passed on to buyers. If state land is alienated for affordable housing and outmoded utilities are removed, there will be a significant difference in future house prices.
2. Declining consumer expenditure will encourage innovation in retailing to encourage consumer spending. For example, there will be more direct selling from suppliers to consumers through e-commerce. Also, if the manufacturing and service sectors become the engines of economic growth (instead of mega infrastructure projects), a new up-cycle in the industrial property sector will commence.
3. Market innovation and adaptation will introduce new ways of providing goods and services and reduce prices. Unfortunately, existing investors and stakeholders are liable to lose some returns in the short-term due to higher commitment cost in the early stage. Nonetheless, there are potential returns in the long-term due to improved productivity and resource efficiency.

### Advice for investors

Be open to change and innovation. Accept the immediate costs of restructuring business practices. In the longer term, as prices fall to more affordable and sustainable levels, sales will boom.

New rules and regulations are needed in the new market place. Instead of opposing the entry of new players and ways of doing business, existing players should suggest new provisions that will address the interests of customers/buyers as well as new market segments.

Describe 2018 in one word:  
**MESMERISING**

Describe what 2019 would be like in one word:  
**METAMORPHOSIS**

**Previndran Singhe**  
Zerin Properties CEO



### Top three challenges for the property market in 2019

1. Sentiments in the market fueled by dampened economy, which is caused by falling oil price, low oil palm prices and global uncertainties.
2. Threat of rising unemployment as companies downsize, while artificial intelligence replaces jobs in the IT and support service sectors thus impacting purchasing power and market confidence.
3. Lack of clarity in government policies. This will lead to further confusion and lack of understanding in the market.

### Market catalysts

1. The exemption of stamp duty is expected to act as a big catalyst in the property market.
2. More crowdfunding platforms are expected to bring more investors into the market.
3. The trade war is poised to make Malaysia a hub for trade and logistics not just for the Southeast Asia region but also for Northern America.

### Advice for investors

The current market provides an opportunity for one to buy property as asking prices have dropped, especially for medium to long term investors. Industrial sector is my main pick, but there are also opportunities in Grade A strata offices in the suburbs where there is demand but little supply. For residential property, transit-oriented developments (TODs) or those located close to public transport are recommended. I do like second-tier developers which are selling at a discount to premium developers. Notwithstanding, premium developers are offering good deals now.

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**Describe 2018 in one word:**

**HOPE** There is hope for all of us, due to the change in government.

**Describe what 2019 would be like in one word:**

**CHANGE** Next year is expected to bring many changes — we are going to see property crowdfunding, regulations for cryptocurrency and no more corruption on a large scale. And by the second half of the year, things are expected to be more positive after everything has fallen into place.

## Eddy Wong

Nawawi Tie Leung Property Consultants Sdn Bhd managing director



**Top three challenges for the property market in 2019**

1. The oversupply situation in the office, retail and residential market sectors — Of particular concern is the residential overhang. As at 2Q 2018, there is an overhang of 29,227 units, defined as units that are unsold nine months after completion. If you add unsold units under construction, and unsold units that have not started construction, the total number of unsold units is some 126,118; about 41% of total launched units!
2. Part of the reason for the huge number of unsold properties is the low affordability or purchasing power of the general population especially in the B40 and M40 segments. Raising the household income level should be the government's objective as it will be the key to resolving the home ownership issue.
3. Slowdown in the economy due to global headwinds — The China-US trade war, rising interest rates, and the weak ringgit.

**Market catalysts**

Market sentiment will improve when the new government is ready to increase spending on infrastructure projects. No doubt the global market outlook will affect the Malaysian market, but domestic consumption contributes a substantial portion of the country's GDP. We should be less concerned about the budget deficit and do more to stimulate the economy in light of the fragile global economic outlook.

**Advice for investors**

The current market slowdown is a good opportunity to shop around and buy property, especially if it is for own stay. Developers are now offering discounts and incentives to move sales. This is the best time to pick up bargains as property is a long term investment and the market will eventually recover. Look for properties that are well connected, and located in a neighbourhood with good access to amenities.

**Describe 2018 in one word:**

**SUBDUED** Because the market was very slow in 2018 and everyone was being very cautious.

**Describe what 2019 would be like in one word:**

**CHALLENGING** The year is expected to be challenging because we expect a lot of global headwinds to affect our economy. We think the market will continue to be challenging unless the government takes steps to stimulate the economy.

## Adzman Shah Mohd Ariffin

ExaStrata Solutions Sdn Bhd CEO and chief real estate consultant



**Top three challenges for the property market in 2019**

With the new government and Malaysia Baru spirit in place, I expect three challenges for the property market in 2019, namely the oversupply of affordable housing on top of existing supply of regular priced housing; difficulty for the young and first-time buyers to obtain end-financing due to prior high commitments; and the absorption of oversupply of office space affecting the investment market — this baggage from 2018 will have an impact on 2019, and even into 2020.

**Market catalysts**

Investment in major infrastructural projects and promotion of tourism will draw foreign spending and better business opportunities.

**Advice for investors**

If one has the opportunity, it would be good to consolidate the portfolio and only keep properties that are giving reasonable returns.

**Describe 2018 in one word:**

**ARDUOUS** Because it has been rather challenging economically, socially and politically.

**Describe what 2019 would be like in one word:**

**ASSIDUOUS** Because it will continue to be challenging and will require a careful approach.

## Chen King Hoaw

Landserve Sdn Bhd managing director



**Top three challenges for the property market in 2019**

The top three challenges that the Malaysian property market is expected to face in 2019 are property glut, tight lending policies by financial institutions and poor market sentiment as investors stay on the sidelines. Property overhang is at its record high and the increases in Real Property Gains Tax (RPGT) and stamp duty for transfer of property valued at over RM1 million, which were announced in the recent Budget 2019 is not going to help the situation, particularly in the mid- and high-end segments. Against this backdrop, we can only expect financial institutions to be cautious.

**Market catalysts**

High-impact public infrastructure projects such as the mass rapid transit (MRT), light rail transit (LRT) and highway developments would be the catalysts in 2019. Many developments have been planned, built and completed near the stations, so the completion of these rail projects would boost demand for these properties. Meanwhile, new highways will open up new areas, generating new opportunities. We also hope that other high-impact projects which attract foreign direct investments (FDI) will take off in 2019 as we need foreign investors to come back.

**Advice for investors**

Property buyers or investors need to be very clear with their investment objective. Set your budget and definitive criteria for choosing the property and consult estate agents. While there are many options in the market today, investors may get confused without proper guidance. For those looking for property for own use, there will be ample opportunities in the market. It is a good time to consider upgrading. For those who are investing purely for capital and/or rental returns, our advice is to be cautious.

**Describe 2018 in one word:**

**SUBDUED** There have been uncertainties throughout 2018, particularly after GE14 and that is understandable as it is the first time in 60 years that we saw a change of government. Despite the euphoria of Malaysians over the change, investors are extremely cautious. How is the Malaysian economy going to perform? What will our foreign policies be under the new government? Greater clarity is what investors need. In the interim, many stay on the sidelines.

**Describe what 2019 would be like in one word:**

**CAUTIOUS** We expect the market to remain subdued in the first half of 2019. Property developers selling mid- to high-end properties will have a lot of work to do to lure buyers.

## Tang Chee Meng

Henry Butcher Malaysia chief operating officer



**Top three challenges for the property market in 2019**

1. Looming oversupply in the office and retail sectors in the Klang Valley will put more pressure on occupancy rates and rentals.
2. Sluggish sales take-up in the residential sector, caused by weaker consumer sentiment exacerbated by global uncertainties and slower economic growth. Meanwhile, potential buyers continue to face difficulty in securing maximum loan margins. The increased stamp duty rate for properties priced above RM1 million and the imposition of the RPGT on properties sold after five years will dampen the higher-priced residential property segment. Despite developers' pivot to affordable homes, the high rate of withdrawals are a problem, as potential buyers face difficulties in securing the required loan margin and coming up with the loan differential sum.
3. As banks adopt a more cautious stance, property developers, especially the smaller ones without a strong track record, will find it more challenging to obtain bridging/financing facilities for their projects.

**Market catalysts**

There do not appear to be any major catalysts for the market in 2019. Uncertainties on the global stage such as the China-America trade war, if resolved, may raise prospects of better economic performance and improved investor and consumer sentiments. This may, in turn, provide a boost to the property market. The stamp duty exemptions announced under Budget 2019 for first time purchasers are expected to provide a boost to the residential property market especially in the first half of 2019. The allocation of RM1.5 billion to build affordable homes, and the further RM1 billion via Bank Negara to help first-time home buyers with monthly household incomes of less than RM2,300 to finance purchase of homes costing less than RM150,000 at a lower interest rate of 3.5% should help boost demand and building activities in the affordable homes segment.

**Advice for investors**

1. Buy for long-term investment and not for speculation.
2. Carry out your homework before investing.
3. Check with professionals and obtain proper advice before deciding.
4. Invest in established locations or growth areas.
5. Buy from established developers with a good track record.

CONTINUES NEXT PAGE

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FROM PREVIOUS PAGE

**Describe 2018 in one word:**

**CHALLENGING** The property market in 2018 although challenging, has remained relatively stable with no drastic drop in values.

**Describe what 2019 would be like in one word:**

**SUBDUED** The property market in 2019 in the absence of any major catalysts, will remain subdued.

## Ng Weng Yew

Metro REC Sdn Bhd  
(formerly known as One Sunterra) managing director



### Top three challenges for the property market in 2019

1. Purchasers still face difficulties in obtaining loans for property purchases — The current and proposed government-initiated financing measures/incentives are limited and mainly targeted at the B40 group, but the M40 — being the biggest social group — is the hardest hit, as such financing measures elude them.
2. Oversupply of similar products in selected locations — Being spoilt for choice may inevitably lead to downward pressure in property prices and rentals.
3. Economic factors — On the local front, protracted property affordability issue beset by weak stock market and price falls in major commodities (such as crude palm oil) whilst on the global front, economic volatility from the US-China trade war will affect our financial and economic sectors.

### Market catalysts

1. Government-initiated financial measures/incentives for affordable homes/unsold completed supply such as stamp duty exemption for first time home buyers, developer's discount, crowdfunding platforms such as Fund-MyHome.
2. New government with perceived 'Malaysia Baru' virtues — Transparency and sound governance can enhance FDIs and thus attract foreign property investors to consider local real estate.
3. Global real estate pulse — Property markets in developed and major emerging countries (Malaysia included) are closely related due to flowing of funds across borders and asset allocations by major global institutions. Improvements in major global real estate markets may catalyse similar improvements in the local property market.

### Advice for investors

In view of the property overhang and affordability predicament, the current property climate favours buyers/investors (buyers' market) where one

can look for purchases that fit one's budget and objective. Property prices may adjust further for an equilibrium between supply and demand. However this process will take some time, basing property purchase on at least the medium term horizon (> 3 years) will allow buyers to ride out any downward price movement.

**Describe 2018 in one word:**

**SLUGGISH** The market has been sluggish in terms of both transactions and prices as buyers stay on the sidelines due to uncertainties on the political and economic front.

**Describe what 2019 would be like in one word:**

**OPPORTUNITY** For buyers looking for good deals, as prices may adjust downward by 10% or more at selected locations.

## Dr Jason Teoh Poh Huat

Henry Butcher Malaysia  
(Penang) director



### Top three challenges for the property market in 2019

1. Concerns over the global economy including fallout from the China-America trade war as well as an overall global economic slowdown. Malaysia, being an open economy, is equally vulnerable. Making Malaysia a choice investment destination based on innovation and technology has to take precedence as a contributing platform for growth.
2. The current weak sentiment requires urgent and in-depth thought leadership in finding practical solutions towards revitalising the property market. Affordable housing dominates the headlines.
3. Sustainable solutions for Malaysian cities due to rapid urbanisation. Adapting real estate projects and infrastructure to build affordable and liveable urban spaces is now imperative.

### Market catalysts

Infrastructure is essential to securing Malaysia's future competitiveness and liveability. Adequate and well-functioning infrastructure connects people to jobs, goods and services, provides access to international markets, facilitates the flow of information and ideas, thereby promoting economic growth.

### Advice for investors

The current climate has untapped potential. Given the rapid rate of urbanisation and a young demographic population, there are numerous niche opportunities in the market worth exploring.

**Describe 2018 in one word:**

**CAUTIOUS**

**Describe what 2019 would be like in one word:**

**CAUTIOUS OPTIMISM**

## Lim Lian Hong

Raine & Horne International  
Zaki + Partners Sdn Bhd  
executive director



### Top three challenges for the property market in 2019

1. New Malaysia has brought about new hope and high expectations. But the civil service is still operating in the old mode and may cause a delay in the decision-making process be it at federal or state level, which will hamper the property market.
2. The 5% RPGT to be charged on property transactions after five years irrespective of when it was bought will deter people from selling their properties. Traditionally, RPGT was to curb speculation and was charged for transactions below five years.
3. Property prices that are beyond the reach of the average wage earner.

### Market catalysts

Need to stimulate the economy. Create more jobs and raise income levels.

### Advice for investors

Every deal will have its pros and cons. So one is advised to look at yields, returns and cost of maintenance of the property that they are interested to buy.

**Describe 2018 in one word:**

**QUIET** The number of transactions has dropped due to quiet business activity in both evaluation and real estate. Besides the high loan rejection rates, asking prices are high while buyers offer lower prices, resulting in a big gap.

**Describe what 2019 would be like in one word:**

**CHALLENGING** Next year is expected to be challenging, because primarily, our national debt is still high. Secondly, the cost of doing business has inflated as the weak currency has made import of construction materials more expensive. On the political front, I believe there will be changes in policies while there may be some instability in certain states like Kedah.

## James Wong

VPC Alliance (Malaysia)  
Sdn Bhd managing director



### Top three challenges for the property market in 2019

1. Coping with the building of affordable housing — In the 2019 Budget, it was announced that 200,000 units of affordable housing will be built by 2020 and that five government affordable housing agencies including PRIMA, will be under the jurisdiction of the Ministry of Housing and Local Government (KPKT). The challenge is in the implementation towards more effective construction and marketing of affordable housing and to have more research done to ascertain the supply and demand, to determine consumer preferences and affordability levels to ensure a higher take-up rate for affordable housing.
2. New taxes — Stamp duty and RPGT increases may affect property players' decision to buy or sell in 2019 and may result in lower volume of property transactions in 2019 and further contribute to the property overhang.
3. Oversupply of offices — According to NAPIC's data, the total supply of private purpose-built offices in KL alone in 2Q2018 was 8,360,961 sq m (89,997,384 sq ft) while the incoming supply was 1,149,235 sq m (12,370,365 sq ft). KL has one of the highest office stocks in Southeast Asia.

With a further slowdown of the Malaysian economy expected in 2019 and competition for new tenants coming from co-working spaces, there will be more pressure for building owners to reduce office rents.

### Market catalysts

1. Integrated road and rail links — The new integrated road and rail links such as the Shah Alam Elevated Expressway, Sungai Besi-Ulu Kelang Elevated Expressway with MRT 1 & 2 and LRT3 will improve connectivity between KL City Centre and other parts of the Klang Valley. The major MRT and LRT stations provide opportunities for TODs such as those in KL Sentral, Damansara Town Centre and Cheras.
2. New logistics hubs — With the big increase in FDIs in 2018, high demand for modern warehousing from online shopping companies and the demand for new cold rooms, are opportunities to build new logistics hubs. Generally, there is a short supply of modern warehousing and new hubs which will attract such industries.
3. Retirement villages — By 2020, the number of Malaysians aged 60 and above is expected to reach 3.5 million and 6.3 million in 2040, amounting to about 20% of the population. Hence, there is pent-up demand for retirement villages to cater for able-bodied seniors who want to enjoy communal

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and lifestyle living in their retirement years. Retirement villages will act as a catalyst for community hospitals, shops and recreation facilities.

#### Advice for investors

For first time buyers and buyers of affordable housing, there are certain incentives and interest rebates in Budget 2019 that they can take advantage of. In a buyers' market, there are multiple choices from various developers and consumers can take advantage of the high price discounts, especially from completed developments.

**Describe 2018 in one word:**  
**CHALLENGING**

**Describe what 2019 would be like in one word:**  
**CONSOLIDATION**

### YY Lau

JLL Property Services (Malaysia) Sdn Bhd country head and managing director



#### Top three challenges for the property market in 2019

1. Ensure resolution and clarity in communication of 1MDB-related issues at national and international levels to correct negative perceptions of the past.
2. Checks and balances, preventive measures such as upholding transparency to be clearly communicated to the public to restore investors' confidence.
3. Changes in policies will result in a cautious stance by the industry, buyers and investors, including changes in RPGT, stamp duty, and Common Reporting Standard. Meanwhile, global developments (China-America trade war) and competition from other emerging markets, such as Vietnam, may cause Malaysia to lose market share.

#### Market catalysts

Approved foreign investment has increased significantly as of June 2018. Improving or keeping up with this momentum will bring better FDI in 2019. Malaysia leaped nine places to the 15th spot in the World Bank's Doing Business 2019 Report. The government has announced plans to further remove obstacles in doing business, especially for foreign investors. Domestic investors will benefit from similar empowerments. The Domestic Investment Strategic Fund, for example, can aid and improve local companies and increase domestic investments.

Crowdfunding proposed under Budget 2019 and the availability of more affordable housing are important catalysts to the residential market.

#### Advice for investors

The property market now has many opportunities. Prices and capital values in various sectors are more attractive than

before. Buyers and investors should evaluate the market or increase their asset portfolio at this opportune time. In the Klang Valley, while the KL central business district (CBD) continues to thrive, the focus on KL fringe locations is rising and decentralised locations such as Petaling Jaya are seeing growing interest.

**Describe 2018 in one word:**  
**UNEXPECTED**

**Describe what 2019 would be like in one word:**  
**HOPEFUL**

### Sarkunan Subramaniam

Knight Frank Malaysia managing director



#### Top three challenges for the property market in 2019

1. In the residential segment, providing affordable homes will remain the key challenge in 2019. There is a mismatch in supply and demand in terms of available housing products (overhang/unsold units) and affordability level. Many first-time homebuyers have been priced out as home price growth outpaced income growth.
2. The implementation of the financial schemes, assistance and programmes that aim to help the M40 (middle 40%) and B40 (bottom 40%) groups in their loan applications, deposits and repayment schemes under the second National Housing Policy 2.0 (NHP 2.0) is expected to be a challenge.
3. On the commercial front, the current oversupplied market in the office sector will continue into 2019 and beyond, as more new supply are completed. The tenant-led market will put further pressure on both rental and occupancy levels as there is no immediate catalyst to boost demand in the short term. However, with renewed business confidence and as more clarity in the policies of the new government unfolds, we expect higher levels of local and foreign investments moving forward, a positive for the economy in the mid- to long-term.

#### Market catalysts

1. The exemptions and initiatives tabled in Budget 2019, in particular the waiver of stamp duty are expected to kickstart the housing market moving into 2019 and beyond. First-time home buyers will benefit from the waiver on instruments of transfer and the loan agreement via reducing home financing costs. Subsequently, overhang in residential properties that fall under the exempted price category are expected to be reduced.
2. Confidence returns to Malaysia as more

clarity in the policies of the new government unfolds.

#### Advice for investors

Economic reforms by the new government is expected to improve the country's growth trajectory. In the residential segment, potential buyers and investors are encouraged to take advantage of exemptions and initiatives, such as the stamp duty waiver and developers' rebates and discounts. However, buyers and investors need to understand the particular sub-property market in specific locations before making their decisions, and should purchase properties from credible developers.

**Describe 2018 in one word:**  
**HOLDING-ON**

**Describe what 2019 would be like in one word:**  
**CLEARING**

### Stanley Toh

Laurelcap Group of Companies executive director



#### Top three challenges for the property market in 2019

1. New government's austerity drive which saw huge infrastructure projects such as the High Speed Rail (HSR) cancelled or put on hold will stunt economic growth.
2. Budget 2019 unveiled new fiscal policies which will impact the property market, such as the revised RPGT rate.
3. Stamp duty increase from 3% to 4% for transfer of properties that are RM1 million and higher

These last two will affect the sub-sale market for 2019. Most sellers holding property for a long time (>5 years) will be reluctant to offload their properties due to the increase of RPGT from 0% to 5% for citizens and permanent residents.

#### Market catalysts

The property market will be driven largely by the affordable residential segment and not the high-end market.

#### Advice for investors

I advise bargain hunting, especially with unsold developer's units. Due to the 5% rise in RPGT, many sellers will likely be reluctant to sell off their property. If they do, it will be added on to the selling price, rendering the property unattractive to many purchasers. Thus, buyers will instead purchase properties from developers which are giving discounts, helping to soak up the overhang of unsold stock.

**Describe 2018 in one word:**  
**CHANGE**

**Describe what 2019 would be like in one word:**  
**CHALLENGING**

### Lim Boon Ping

Malaysian Institute of Estate Agents (MIEA) president elect



#### Top three challenges for the property market in 2019

1. How to keep the property market vibrant while managing price hikes. It's always a tug of war between the two. When the market gets vibrant, property prices increase, leading to affordability issues. On the other hand, too many cooling measures may affect many other industries related to real estate.
2. How to ease the lending process, but still ensure that only those who can afford to, obtain bank loans. While many complain about the stringency of the current lending policy, the bank has to ensure that the people who borrow are truly qualified.
3. The reach of affordable housing to those who need them. Although there are many so-called affordable housing projects in the market, are they really 'affordable'?

#### Market catalysts

Technological innovation and crowdfunding will change the way properties are transacted or owned. For instance, developers have started to sell their properties through online shopping portals like Lazada and through the FundMyHome scheme. Developers are trying to incorporate Real Estate Investment Trusts, or issue bonds through Special Purpose Vehicles into home ownership in Malaysia. All these will bring a paradigm shift to the property landscape.

#### Advice for investors

It doesn't matter when you bought your property, it matters when you sell. As long as you hold your property long enough, it's almost an assurance that you will make a profit out of it.

**Describe 2018 in one word:**  
**UNCERTAINTY**

**Describe what 2019 would be like in one word:**  
**RECOVERY**

The property market has actually started to shrink since 2012. We believe the market has hit rock bottom in 2018, in light of the weakened market sentiment and uncertainties from the change in government and its new policies. In 2019, people will have a better and clearer direction as to how the new government is going to run the country, including the policies affecting the property sector. Business confidence will improve as a result of greater transparency and better governance.

CONTINUES NEXT PAGE

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FROM PREVIOUS PAGE

## Michael Kong

Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) president



### Top three challenges for the property market in 2019

1. Controlling house prices — REHDA members will reduce house prices by 10% which is one way to liven up the property market. Sales and Service Tax (SST) exemptions could help reduce house prices by reducing the cost of developing houses. However, there are other costs and fees to be paid, such as land, financing, compliance and professional fees. The government should look at reducing the statutory contribution and compliance costs paid by developers and ensure a clear, transparent and rapid approval process. This would also minimise mistakes, faults and delays. For instance, a direct release mechanism can be effected for unsold bumiputera units within a certain time frame.
2. Financing — Stamp duty exemption is good news for Malaysians looking to own a house. Unfortunately, the tightening of lending by banks is deterring first time house buyers. We shouldn't blame the banks because most first time house buyers do not qualify for the loan or pass the credit assessment. Some parties are experimenting with crowdfunding the purchase of houses. This has to be carried out carefully to avoid aggravating the debt situation.
3. Affordable housing — One of the new government's pledges is to build 1 million affordable homes within two terms. Demand is high but homes must be in the right location, with easily accessible amenities, facilities and public transport. A proper definition of "affordable" is needed. Housing developers are capable of offering affordable homes, but they are hesitant as it is a segment with lower profit margins. However, this should not be a deterrent if the government offers incentives for them to develop affordable homes.

### Market catalysts

The new government will be one of the main catalysts for the property market in 2019. If the current government could do what the previous government failed to accomplish, it will help strengthen the market. Eliminating leakages, implementing bold policies and fair practices to level the playing field will bode well for the market in the long run.

### Advice for investors

This is a good time to buy your dream

property. If you can afford it as the property market has softened, relative to the boom years. However, one must conduct thorough research before buying a property. Check the current market value, work out the financing commitments, inspect the property carefully and explore the exit options. It is crucial to understand the dynamics of the locality.

### Describe 2018 in one word:

**MODERATE** Malaysia's economy expanded 4.9% in the first half of 2018 compared to 5.7% the previous year and is expected to moderate further in 2019. The property market recorded a marginal decline in the first half of 2018 in line with a challenging economic and financial situation. According to the Valuation and Property Services Department, a total of 149,889 transactions worth RM67.74 billion were recorded in 1H2018, showing a decrease of 2.4% and 0.1% respectively from the same period last year. Many major developers experienced a fall in share prices, with some up to 30%. Many potential causes exist, such as the overhang situation, affordability issues, loan rejections and median wage.

### Describe what 2019 would be like in one word:

**CAUTIOUS** Going into 2019, the approach would be cautious due to the challenging national debt situation. The overhang situation would take time to resolve while the general economy is expected to moderate.

## CY Kok

Orgeon Property Consultancy director



### Top three challenges for the property market in 2019

1. More controls and restrictions to be implemented as the new government will need to rebuild the structure within a very short period of time.
2. New system or policies may negatively impact existing investors, who made decisions based on the old system.
3. The desperate need to find a solution to the oversupply of high-end and high-rise residential units as prices are getting out of control and the people who need a house are not able to own one.

### Market catalysts

The control of supply — The increase in supply of affordable houses will let the people who really need a house to own a house. By decreasing the supply of higher-end high-rise residential units we might bring prices under control

### Advice for investors

As the market gets more complicated, buyers and investors should study or survey before making decisions. Get advice from the professionals to understand the risks.

### Describe 2018 in one word:

**OBSERVE**

### Describe what 2019 would be like in one word:

**EFFORT**

## Michael Loo

PA International Property Consultants (Penang) Sdn Bhd executive director



### Top three challenges for the property market in 2019

1. Slow market absorption in residential property due to mismatch between household income and property price. The price correction process will balance supply and demand in the market.
2. Cautious sentiment will continue, due to the macro-economic environment that will make 2019 another challenging year. The property market is experiencing a period of consolidation and price/rental correction in terms of rentals and sales.
3. Retail to remain challenging in 2019 due to additional supply, where there will be consolidation in the industry and changes in the landscape with greater competition with online shopping.

### Market catalysts

FDI into Malaysia increased to RM3.95 billion in the third quarter of 2018, compared with a record low of RM2.84 billion in the previous quarter and RM11.74 billion in the same period a year earlier. E-commerce is a new market segment for the industrial property segment in Malaysia. The demand of service-oriented industries such as third-party logistics (3PL) and e-commerce warehousing is rising. An emerging industrial development trend is the integrated industrial park and office.

### Advice for investors

It's a buyers' market now — good time for bargain hunting. Some property owners who face liquidity problems may be prepared to let their property go at more realistic prices in exchange for cash at hand. Developers are also providing various attractive packages.

### Describe 2018 in one word:

**CORRECTION** The year 2018 was a market correction year to rebuild market fundamentals.

### Describe what 2019 would be like in one word:

**CONSOLIDATION** By reinforcing new market confidence, opportunities abound during this consolidation year.

## Choy Yue Kwong

Rahim & Co International Sdn Bhd director



### Top three challenges for the property market in 2019

1. There is still an insatiable demand for affordable housing at the right location, as the majority of wage earners can only afford houses within the RM300,000 to RM500,000 price range. The real challenge is for enough land to be made available as the underlying factors for the sustainability of affordable housing are cheap or free land, low construction cost, and very importantly, government-driven initiatives. The newly formed National Affordable Housing Council has targeted to complete 1 million affordable homes within 10 years. To put into perspective the formidable challenge ahead: PRIMA as at early 2018 only completed 17,000 units against a target of 500,000 units in five years and Singapore's Housing and Development Board took 55 years to complete one million homes!
2. Developers are facing strong headwinds having to cope with a slow market, significant unsold stock and unsupportive government policies. The unsold stock is partly due to overbuilding without proper market studies and partly due to bumiputera quotas especially in states where the quotas are high and the release mechanism is very slow. The latter poses a formidable challenge as it involves a change in decades-long policy.
3. The slowdown in the retail market will impact stratified malls where retail lots have been sold to many individual purchasers. With the growth of online shopping, we will see a drastic drop in business for businesses in stratified malls. The challenge is not only to buy back from the individual owners to reconfigure or redevelop the mall, but to put in further investment at a time when the retail market is slow.

### Market catalysts

The year 2019 is too soon for the property market to forge ahead. From 2009 to 2013, residential property prices generally doubled. Prices ran ahead of fundamentals, which will take some time to catch up. Due to oversupply, it is unlikely that the retail and office market will do any better.

The only catalyst is perhaps the feel-good factor arising out of the cessation of a potential trade war between US and China, oil price stabilisation and a sustained share market rally.

But realistically, since there is still strong demand for affordable houses, the focus should be to build more such homes in the urban and near urban areas.

### Advice for property buyers or investors in the current property climate

Anytime is a good time to invest in prop-

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erty if the location and price is right. Currently the property market is bearish, most people are not interested in investing. This gives potential property investors plenty of time to go property hunting, compare prices and negotiate close to their target price.

**Describe 2018 in one word:**  
**FLAT-TASTIC!!**

**Describe what 2019 would be like in one word:**  
**UNEXCITING**

## Datuk Soam Heng Choon

Real Estate & Housing Developers' Association Malaysia (REHDA) president



### Top three challenges for the property market in 2019

While developers are cautiously optimistic about improvement in consumer sentiment, there are still many challenges faced by industry players. Among them are:

1. Rising cost of doing business including input compliance cost. As land is a state matter, state governments have been increasing their land premium, development charges, and other related contributions over the years. These, along with high land and construction costs will impact the housing industry.
2. Access to mortgage financing and the ability of buyers to obtain the right margin of loan remain the main hurdle for developers in securing sales.
3. Unsold stocks remain high nationwide. This could be due to mismatch of price and product to location. Another reason is high bumiputera quota stock due to non-release of quota in many states. We would therefore advocate a uniform quota of 30% nationwide with an automatic release mechanism for unsold bumiputera quota units.

### Market catalysts

The main catalyst for the property market in 2019 would be better economic performance and better consumer sentiments. Access to financing can be a big contributing factor as well.

### Advice for investors

Property prices are at their most competitive level now. Buyers and investors alike should take advantage of this to get the best bargain given the high stock level.

**Describe 2018 in one word:**  
**CHALLENGING**

**Describe what 2019 would be like in one word:**  
**HOPEFUL**

## Jerome Hong

PA International Property Consultants Sdn Bhd managing director



### Top three challenges for the property market in 2019

1. Review of on-going and planned mega projects that were approved by the previous government as part of cost-cutting measures, such as:
  - i. LRT3 — construction of five stations with low projected passenger ridership along the route has been shelved. Affected stations are Lien Hoe, Temasya, SIRIM, Bukit Raja and Bandar Botanic.
  - ii. HSR — Deferment of the KL-Singapore HSR project for about two years to May 31, 2020. Meant to serve as an economic catalyst for areas along its routes, its deferment has led to the review of upcoming mega projects such as Malaysia Vision Valley (MVV), Bandar Universiti Pagoh and Bandar Malaysia. Investor confidence has been dampened.
  - iii. MRT3 — The postponement of the MRT3 or Circle Line will affect developers who have bought land banks and planned projects along its route. These affected projects are now being reviewed, in terms of plot ratio/development concept, product mix, timing of launch and others.
  - iv. East Coast Rail Link (ECRL) — Renegotiation of the ECRL project is on-going.
2. Property-related taxes under Budget 2019 — The stamp duty increase for property transfers worth more than RM1 million will increase the acquisition cost for properties and may dampen investors' interest. The revision of RPGT rates will increase the exit cost for property ownership. It will encourage owners and investors to hold on to their properties for a longer period
3. Disparity between transaction prices and asking prices/newly launched prices — New launch prices being higher than the transaction prices of similar properties in the same locality is now normal. Coupled with the challenging property market, many owners are unable to realise their asking prices.

### Market catalysts

Measures announced in Budget 2019, such as the RM1.5 billion allocation to various affordable housing programmes, Bank Negara Malaysia's RM1 billion fund, stamp duty exemptions and waivers and the RM25 million allocation to Cagamas Bhd for mortgage guarantee of first time homebuyers with household income of RM5,000 as well as property crowdfunding platforms that will provide an alternative source of financing for property purchase, are expected to boost proper-

ty sales and reduce the number of unsold properties in the affordable and mass housing segments.

### Advice for investors

Property buyers, especially first-time homebuyers should look for properties within their means so as to secure the bank loans. Investors should take the wait-and-see approach, research and seek consultation before making any major investments.

Pick the right product and locations such as KLCC and KL Sentral where property products are still able to generate stable rental yields and have potential for capital appreciation.

**Describe 2018 in one word:**  
**FLAT**

**Describe what 2019 would be like in one word:**  
**CONSOLIDATION/CORRECTION**

## Datuk Christopher Boyd

Savills Malaysia executive chairman



### Top three challenges for the property market in 2019

1. Confidence — Malaysia has much to be proud of and so much to look forward to. Developers and those selling in the secondary market are finding the banks joyless and over-cautious when it comes to mortgage applications. The market would improve if bankers ease their collective feet off the brakes.
2. Over-supply — Developers need more and better market information. Why do NAPIC, Bank Negara Malaysia and Khazanah all operate their own property market research units, when DBKL, for example, does not?
3. Overhaul — We need a fresh look at the whole property development and delivery process. It is overly cumbersome. Conditions on title and conversion fees serve no purpose. Orderly development should be controlled by the planning authority through zoning, setbacks, plot ratios and building codes.

### Market catalysts

In view of the current gloom in the market, news of some really solid foreign investments in Malaysian commercial property would confound the naysayers and restore some faith in the future.

### Advice for investors

Look for bargains in the secondary market because they won't be there forever.

**Describe 2018 in one word:**  
**'BLEAH'** The euphoria that followed the election results contained a belief that some kind of fairy dust would settle on the

38,500 unsold residential units and 25% unoccupied office space, and make them disappear. Although this will happen in time, what is really needed is a restoration of confidence in the capital markets. The first signs have already arrived and we are seeing renewed foreign interest in Malaysian investment property. This is extremely encouraging but in reality we know that rebuilding confidence is going to take time and a lot of hard work.

**Describe what 2019 would be like in one word:**  
**BETTER**

## Anthony Chua

KGV International Property Consultants executive director



### Top three challenges for the property market in 2019

1. Uncertainties surrounding policies and regulations affecting the property industry.
2. Housing affordability issues.
3. Soft sentiment.

The property market is directionless at the moment. Property players are awaiting clear policies and regulatory framework from the new administration. This is expected and we should allow reasonable space for the new administration to operate.

### Market catalysts

Likely catalysts include fiscal policies to invigorate transactions in the market and a stable political environment for businesses to thrive. This will hopefully generate wealth that will eventually flow into property investments. The market is unbalanced with a glut of expensive unsold properties, while the lower segment craves reasonably-priced properties.

### Advice for investors

To be cautious. While there are opportunities in the market, cheap does not always equal good returns! Proper research is still the key to a good deal.

**Describe 2018 in one word:**  
**ANXIOUS**

**Describe what 2019 would be like in one word:**  
**REBALANCE**