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Ample supply of affordable homes but not in the right location, says Zerin

BY **CHELSEY POH**

KUALA LUMPUR: The property market has a more than sufficient supply of affordable housing, but what is insufficient are the "right housing products" to cater to the high demand for affordable homes, says real estate agency Zerin Properties managing director and CEO Previndran Singhe.

"The oversupply is due to product mismatch as [some affordable housings] do not meet the requirements of homebuyers in terms of affordability, location and connectivity as well as quality, hence, affordable housing will remain as the main focus of the government," he tells EdgeProp.my.

He observed that transit oriented developments (TODs) and transit-adjacent developments (TADs), which offer lifestyle home features as well as convenience to commute to work, will continue to attract first-time homebuyers and have greater capital appreciation potential owing to increasing demand.

As more infrastructure projects continue to kick-off, Previndran sees many opportunities in both the primary and secondary markets in new areas or existing developments as accessibility improves and business activities become more robust.

At the moment, TODs and TADs are mostly concentrated in the Greater Kuala Lumpur area, but more are expected to come online with the upcoming East Coast Rail Link (ECRL) project as well as potential revival of MRT Line 3 and High Speed Rail (HSR) projects.

He expects that upcoming infrastructure projects such as MRT Line 2 and LRT 3 will unlock new growth potential along the routes and areas surrounding the stations.

For now, he notes that there are some good TOD and TAD projects affordable to M40 and B40 homebuyers, such as MKH Boulevard II, Aster Residence Cheras and Divo@The Zizz.

He believes that affordable homes priced at RM500,000 and below at strategic locations will enjoy good demand.

Thanks to mega infrastructure developments, other anticipated hot spots likely to emerge are Bandar Malaysia, Tun Razak Exchange (TRX), Cyberjaya, Putrajaya, Cheras, Shah Alam and Klang.

Other potential hot sellers include landed properties in established and mature neighbourhoods (such as Damansara Heights and Bangsar), freehold terraced and semi-dee houses in gated-and-guarded developments, as well as high-rise residential units in areas popular with both expats and locals (such as KLCC, Mont'Kiara and Ampang Hilir).

On the other hand, retirement villages are another growing market as the demand is expected to grow as the ageing population increases. By 2020, one in 10 Malaysians will be aged 60 years and above.

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Previndran sees many opportunities in both the primary and secondary markets.

Predominantly, buyers of retirement villages are retirees and senior citizens who intend to move into smaller spaces in proximity to appropriate facilities and professional care. However, Previndran also notes that many in their mid-30s and 40s are looking at residential properties in the sub-urban areas as their retirement homes.

In Zerin's market outlook presentation, Previndran also points out that the property market has already stabilised.

According to National Property Information Centre, the Malaysian House Price Index remains on an upward trend, rising 3.1% year-on-year (y-o-y) to 193.3 points in 2018.

He also said that the local economy will likely remain steady this year, as macroeconomic fundamentals are still strong despite domestic and external challenges.

The World Bank last month maintained its forecast for Malaysia's 2019 gross domestic product growth at 4.7%, the same level as the country's 2018 economic growth.

Data from the Valuation and Property Services Department shows that the property market saw 313,710 transactions in 2018, up 0.6% y-o-y. Total transaction value grew by 0.3% y-o-y to stand at RM140.33 billion.

The residential sub-sector recorded a 1.4% growth in volume to 197,385 units, making up 62.9% of total transaction volume. Value of residential properties transacted rose 0.4% y-o-y to RM68.75 billion, accounting for 49% of total value last year.

Certain positive changes have been seen in the market, including the upcoming Residential Tenancy Act, which is currently being drafted and is expected to be implemented in two years. "The act will help in determining the affordable rental rate based on location, as well as laws to protect both tenants and owners since currently there is no tribunal for issues related to housing rental," Previndran elaborated.

Meanwhile, the government has also kick started various initiatives to boost the local property market, including plans to facilitate better access to financing, such as FundMyHome, Rent-to-Own/Stay-to-Own, MyDeposit, My First Home Scheme and Youth Housing Scheme.