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# More Malaysians willing to buy a home in 2020

Location reemerges as the prime decision maker

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**E**VERY year, StarProperty collates the thoughts of our readers and visitors to our events to better inform investors, negotiators, developers, and other parties with a stake or interest in the fluctuations of real estate opinion.

The 2019 Buyer Sentiment Survey was conducted from January to November and amounted to over 100 data points collected from over 5,000 respondents – and this is what we found.

## Intent to Buy

Following tradition, we asked respondents about their intention to buy a home, and judging from the differences in the responses we received between 2018 and 2019, the majority of Malaysians are now more likely to purchase a home.

## Do you feel that now is a good time to buy a home?

When we posed a similar question (Do you intend to purchase a property in the next 12 months?) in 2018, the opinions we gathered were slightly less optimistic. Only 42% of people firmly felt that a real estate purchase was a possibility for them within the year, while 34% answered in the negative and 24% were undecided.

This time around, the proportion of respondents who felt that 2019 was a good time to buy a property increased to 61% while those who responded in the negative and had no opinion fell to 19% and 20% respectively – this despite the more generalised wording of the question in 2018 (with the use of the word “property”) and the specificity to residential property (with the use of the word “home”) in 2019.

## Rent or Buy

The debate of whether it is better to rent or

buy is fairly balanced elsewhere in the world, but in Malaysia, the opportunity costs of homeownership have been largely seen to be relatively low.

In both 2018 and 2019, the sentiments of Malaysians have been heavily in favour of buying rather than renting, with only a minority of respondents firmly in the renting camp, and a slightly bigger minority in 2018 being undecided.

## Would you prefer to buy or rent?

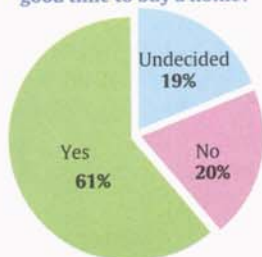
When it comes to the debate of whether to buy or rent, not much has changed in 2019 – it is still a unifying discussion for Malaysians. The proportion of respondents who preferred to buy increased slightly from 84% in 2018 to 86% in 2019; the percentage of firm renters remained unchanged; and the percentage of people who were on the fence in 2018 decreased from 10% in 2018 to 8% in 2019.

## Factors Influencing Buying

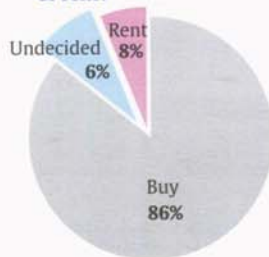
The adage of “location, location, location” had apparently lost much of its significance in the buying decision-making process by 2018. Surprisingly, location has returned to the fore as the single most influential factor affecting buying decisions in 2019.

In 2018, the top three factors that influenced buying decisions (in order of decreasing importance) were price, safety, followed by location. In 2019, safety and security fell from the top three in favour of connectivity and accessibility via public transportation or road networks becoming the third most important factor, while price became the second most important and location returned to being the most important factor.

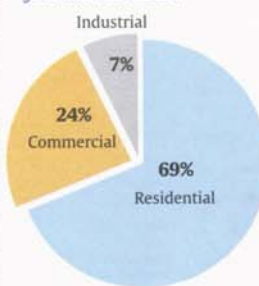
Do you feel that now is a good time to buy a home?



Would you prefer to buy or rent?



What kind of properties are you interested in?



Which factors are the most important?

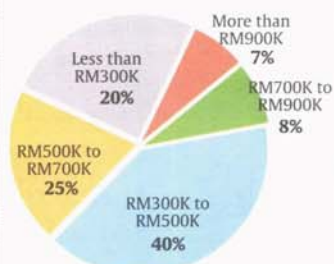


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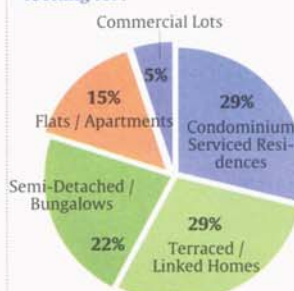
#### What kind of properties are you interested in?



#### What is your estimated budget?



#### What type of property are you looking for?



#### Where would your ideal home be located?



#### Which of these factors are the most important when considering the purchase of a home?

Respondents selected their top three factors of consideration from a randomly shuffled list of options. The biggest factor was location at 26%, followed by price (19%), and connectivity and accessibility (10%).

The rest were facilities, amenities, and public services (9%); title, tenure, and building type as well as safety and security (8%); potential rental yield and capital appreciation (6%); size, built-up area, and layout design, in addition to number, size, and position of rooms (5%); developer reputation (2%); and discounts, rebates, and other incentives, as well as geomancy (1%).

Other factors amounting to less than 1% of selections in the overall sample were population density and recommendations by realtors, friends, and relatives.

#### Zone Types

The recording of opinions regarding the types of properties sought by prospective buyers has implications that may influence zoning and land use planning. The 2019 Buyer Sentiment Survey recorded this parameter, and as in 2018, reinforces the assumption that most people are seeking homes, while a smaller proportion of buyers are seeking properties for investment or rental in commercial or industrial zones.

#### What kind of properties are you interested in?

As in 2018, the vast majority (69%) of respondents to the Buyer Sentiment Survey were seeking residential property in 2019, while the portion of people seeking commercial property was slightly reduced to 24% and the portion of prospective buyers seeking industrial property remained unchanged at 7%.

#### Property Types

As in 2018, the Buyer Sentiment Survey of 2019 revealed a largely unchanged preference for new properties – with very little change in the proportions of respondents who preferred to purchase their real estate from secondary markets or on auction.

#### What kind of property would you prefer to purchase?

Instead of permitting each respondent multiple selections as was done in 2018, the Buyer Sentiment Survey in 2019 restricted

each respondent to only one selection. Despite the change in methodology, newly launched properties were preferred by 57% of respondents, sub-sale properties by 28%, and properties bought on auction by 15%.

A likely explanation for this unchanging sentiment is the fact that with new properties, developers are still on the hook for failures in workmanship during the defect liability period (DLP). But as is often the case with matured sub-sale properties, any renovations needed are done at the cost of the owner. For properties bought on auction, it could be perceived as entailing more work than could be adequately offset even when purchased below market price.

#### Building Types

As an extension to the question of the kind of properties people are seeking, the 2019 Buyer Sentiment Survey provided respondents with one selection from the choices of common property types. These include flats or apartments; condominiums or serviced residences; terraced homes, linked homes, or townhouses; semi-detached homes or bungalows; and finally commercial property.

#### What type of property are you looking for?

The most-preferred property types, as in 2018, remain high-end strata properties and affordable landed homes – both these choices were each selected by 29% of respondents, amounting to a cumulative 58% of the entire sample. The remainder of selections placed semi-detached homes or bungalows as the third-most preferred option at 22%, flats or apartments as the fourth-most preferred option at 15%, and finally, commercial property, at 5%, as the least preferred purchase by individuals.

#### Purchase Budget

Another mainstay of the annual Buyer Sentiment Survey is the question of how much respondents would be willing to spend on real estate purchases.

#### What is your estimated budget?

The majority of respondents (60%) were found to prefer properties priced below RM500,000, with the larger portion of respondents (40%) sharing fairly realistic expectations of prices between RM300,000 and RM500,000 and only 20% seeking properties less than RM300,000.

The remaining 40% place their price expectations above RM500,000, with 25% seeking homes priced between RM500,000

to RM700,000, and smaller groups of 7% and 8% seeking properties priced between RM700,000 and RM900,000, and more than RM900,000 respectively.

#### Property Size

As was found in 2018, the preferred size of residential property in 2019 still stands between 1,000 and 1,500 sq ft, with the smaller size categories of 500 to 1,000 sq ft being the second-most preferred, followed by 1,500 to 2,000 sq ft, and above 2,000 sq ft. Single-occupant properties were the least preferred of the five size categories.

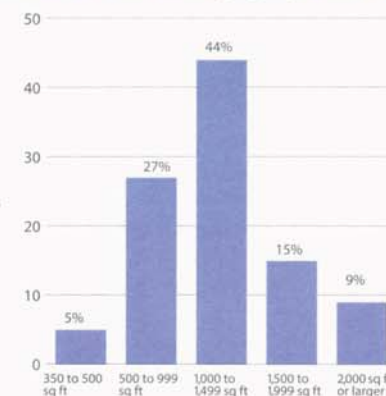
#### Location

The preferred locations of respondents to the annual Buyer Sentiment Survey often makes for one of the more controversial results. While Johor was found to be the state where most buyers were seeking properties in 2018, the number fell to just 2% as a preferred location in 2019. Selangor and Kuala Lumpur are still the favoured locations of the majority of prospective buyers last year.

#### Where would your ideal home be located?

Whether by way of a marked change in

#### What is the ideal size of property to live in?



sentiment or methodology, Johor's status as the most favoured location was significantly reduced in 2019, with Selangor reoccupying the position of the most-preferred state by 46% of respondents, followed by Kuala Lumpur at 35%, and Penang at 12%. Preferences for the remaining states collectively amounted to 7% in total, including Johor at 2%, Sabah and Sarawak at 1% each, and the rest of Peninsular Malaysia amounting to 4%.

