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## Property asking prices increase despite Covid-19

by FARA AISYAH

THE asking prices for Malaysian properties increased in the second quarter of 2020 (2Q20) despite the impacts of the Covid-19 pandemic.

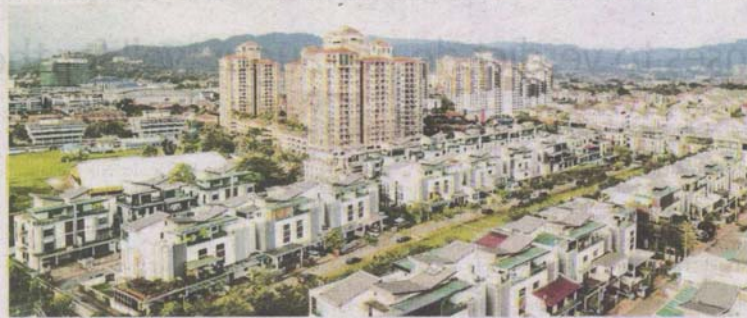
PropertyGuru Malaysia's Property Market Index increased to 89.8 points from April to June, from 89.46 points in 1Q20, led by a 1.05% increase in asking prices to 94.18 points from 93.2 points in 1Q20 in Selangor.

PropertyGuru Malaysia country manager Sheldon Fernandez said Selangor's price index growth, coupled with Kuala Lumpur's (KL) 1.28% drop from 96.62 points to 95.38 points over the same period, points towards a dispersion of interest from urban areas to city outskirts and satellite townships.

"Price resilience here mirrors situations in regional markets, with sellers balking at price reductions, particularly in the auction space.

"However, this came with corresponding impacts on transactions, as buyers opted out of purchases in anticipation of future price drops," he said in a statement yesterday.

He added that such price drops



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are strongly indicated by factors such as rising unemployment and a projected contraction in GDP, both of which have been linked to property price movements in the past.

As such, PropertyGuru projected an upward limit of 10% on price impacts, with discounts under the reintroduced Home Ownership Campaign driving immediate change.

The proptech company said

developers leveraged the trend through a range of digital initiatives and incentives, many of which apply to projects in Selangor, driving interest despite Covid-19 impacts in the state.

As the effects of the outbreak reverberated throughout the market, PropertyGuru also observed an 8.7% rise in enquiries for properties in Perak, particularly Ipoh and Taiping.

Penang and Johor saw prices

decline slightly by 0.17% and 0.61% respectively.

PropertyGuru Malaysia said the largely sideways movement in major markets came despite projections of property price drops due to weak sentiment and industry restrictions following the Covid-19 outbreak.

Meanwhile, the incoming supply index took a dip by 3.6%, which was a substantial improvement over the 10.47% decline in 1Q20.

On the year-on-year (YoY) basis, the supply index dropped 1.98% in 2Q20, against consistent YoY growth since 4Q17.

PropertyGuru said the declining contraction rate was evident in KL, Selangor and Penang.

Selangor was the only market to showcase YoY supply growth in 2Q20, with its supply index rising 5.12% relative to the same quarter last year.

In contrast, Johor was the only market where the incoming supply contraction rate rose quarter-on-quarter, from 8.09% in 1Q20 to 9.18% in 2Q, reflecting large market corrections in the southern state, which has traditionally relied on incoming investment for growth.

"Global trade tensions and the Covid-19 outbreak have impacted international investor appetite, as seen in recent price and supply movements in Johor.

"This places it (Johor) on a healthier footing to cater to domestic demand, and it is in fact the third-highest location for property searches and enquiries in Malaysia now according to PropertyGuru data," Fernandez said.