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Property market to recover faster, says PropertyGuru Malaysia

by S BIRRUNTHA

MALAYSIA'S property market may recover faster than expected as the pandemic has had a minimal impact on property prices so far, said PropertyGuru International (M) Sdn Bhd.

The online property site noted that this was seen in its Property Market Index, which saw a 0.38% quarter-on-quarter (QoQ) gain in asking prices in the second half of 2020 (2H20).

The recent Valuation and Property Services Department (JPPH) data support this stand as it cited a marginal increase of 0.4% in the Malaysian House Price Index (MHPi) over the same period.

PropertyGuru Malaysia country manager Sheldon Fernandez said what was most notable about the recent industry data is that price movements were minimal relative to projections.

"For example, the MHPi declined by 9.4% in 1998, compared to the 0.4% gain in the second quarter of this year (2Q20).

"While this leaves room for cautious optimism when it comes to market outlook, the acid test for property in Malaysia will come in the next few quarters," he said in a recent statement.

Fernandez added that this is due to the economic consequences of the Covid-19 outbreak and an increasingly severe projected recession, along with the prospect of a fresh wave of infections seen now in Sabah.

The impact of the news on infections has already led to a reported drop in visitor footfalls throughout malls in the Klang Valley, he said.

The National Property Information Centre's 1H20 data quantified the impact of Covid-19 on the market negatively with a 27.9% drop in transaction volume and 31.5% drop

in value compared to the 32.3% and 47.6% declines respectively experienced during the 1998 recession and Nipah virus outbreak.

"JPPH's MHPi data also support PropertyGuru Malaysia Property Market Index findings, which saw marginal QoQ drops in asking prices of 3.1%, 2.52%, 1.76% and 0.97% in Johor, Kuala Lumpur (KL), Penang and Selangor respectively in 2Q20.

"Notably, transaction volume and value have rebounded since the initial impact of Covid-19, showcasing V-shaped recovery curve, though transactions have yet to reach pre-pandemic levels," he added.

Fernandez said this recovery is reflected in renewed interest among Malaysians following the initial Movement Control Order, with a significant increase in searches for properties in the RM501,000-RM700,000 (56% rise month-on-month [MoM]) price range, RM301,000-RM500,000

(39.6%) and RM151,000-RM300,000 (31.5%) price ranges in August.

Additionally, demand in urban areas and established hotspots, which saw a decline in the early stages of the pandemic as property seekers and work-from-home trends emphasised decentralisation, has revitalised, he noted.

Selangor, KL and Johor showed the most improvement, with MoM increases in property searches of 45.7%, 33.7% and 22.4% respectively.

According to Fernandez, terrace homes showcased a steady demand and the least volatility in 1H20, with a 7.2% MoM increase in demand in September.

He said home seekers were searching for terrace homes in preferred locations like Kepong with 141.6% growth MoM, Petaling Jaya (48.3%), Bukit Jalil (46.2%), Klang (41.6%), Damansara (16.9%) and Kuchai Lama (6.7%).

"Current market stability and sen-

timent can be attributed to strong and timely government measures, such as the reintroduced Home Ownership Campaign, as well as a deeply favourable lending environment led by interest-rate revisions following Overnight Policy Rate cuts by Bank Negara Malaysia," he said.

Moving forward, PropertyGuru Malaysia expects the healthy sentiment to benefit developers catering to market demand.

Other trends that point towards brighter prospects for domestic properties include a resurgence of interest in central areas with Bukit Jalil, Damansara and Kepong as prime hotspots, as well as strong MoM growth in online searches for affordable and mid-range properties.

The portal noted that the growth prospects may be derailed by a potential new wave of Covid-19 clusters nationwide following the emergence of hotspots in Sabah spreading to other states.