Market Landscape - Growth Drivers & Trends

Lee Heng Guie
Executive Director
Socio –Economic Research Centre (SERC)

Factors that Drive the Real Estate Market

Demographics

- **Homeownership (76.9%) vs renting?**
- **Population growth:** Population growth ↑ housing demand; supply of housing influences population increase
- **Demographic shifts:** Aging baby boomers – currently 11% of total population (15.3% in 2030). Emerging millennial generation.

Climate Change

- **Natural disasters:** Areas prone to natural disasters, such as floods, hurricanes, or wildfires.
- **Regulations:** Sustainable building and smart cities. Climate-related regulations, energy-efficient buildings.

Interest Rates

- **Mortgage rates:** Higher interest rate, higher borrowing cost.
- **Investment returns:** Lower interest rates can lead to higher property values as investors seek better returns.

Cultural and Lifestyle Trends

- **Workplace trends:** Office-based hybrid working remains the new normal; hybrid working policies.
- **Lifestyle preference:** 71% prioritised access to public transportation, 65% favoured onsite F&B, and 48% preferred sustainable building features as the most desired amenities. *Source: 2023 Asia Pacific Office Occupier Sentiment Survey (CBRE)*

01 02 03 04 05 06 07

Economic Performance

- **Economic growth:** Overall health of economy – economic cycle - economic / financial crisis.

Geopolitics

- **Supply chains security lead to reshoring:** Regional conflict leads to higher costs of imported material and disruption in raw material supply.
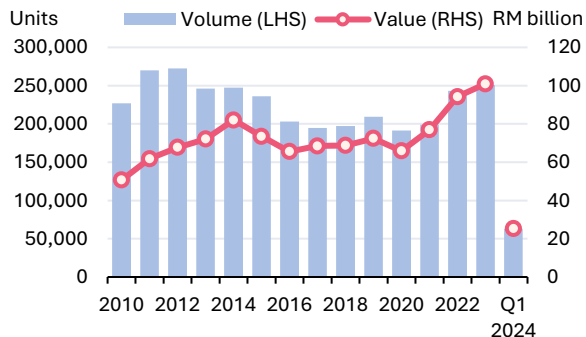
Government Policies /Subsidies

- **Incentives:** Home Ownership Campaign (HOC), public housing projects (PPRs), MM2H etc.
- **Policy changes:** Taxes, electricity tariffs, subsidies rationalisation, etc.
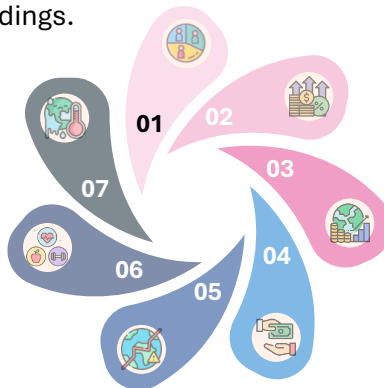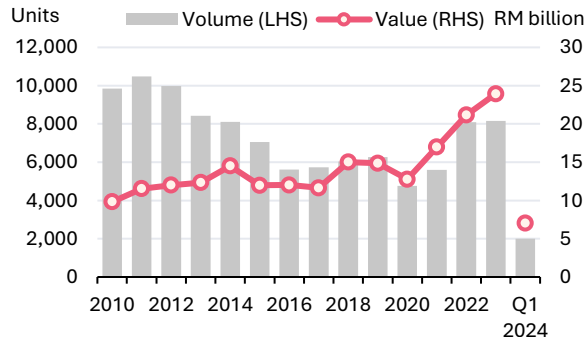
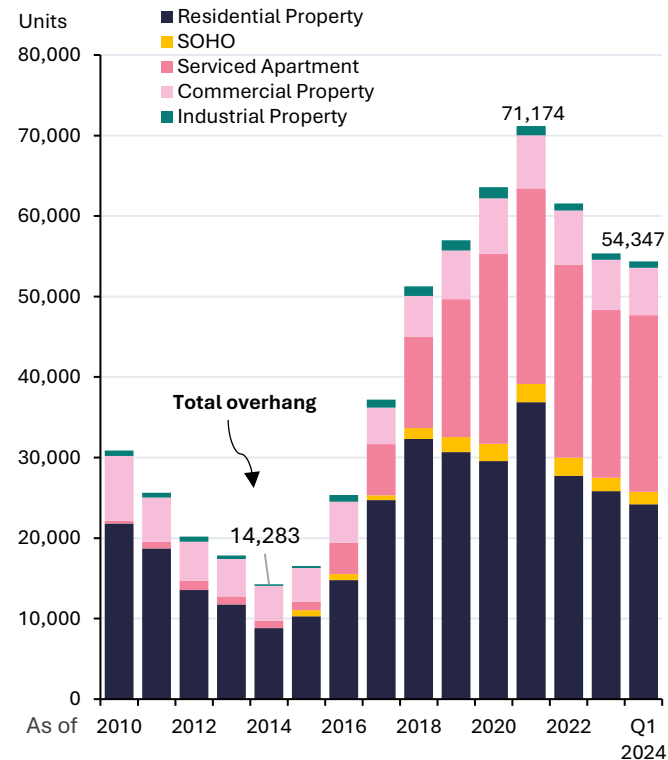# Malaysia's Key Property Market Trends: Transactions and Unsold
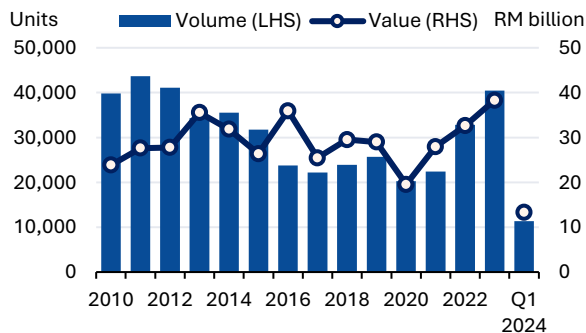
Property Transaction: Residential

Units — Volume (LHS) — Value (RHS) — RM billion

Property Transaction: Industrial

Units — Volume (LHS) — Value (RHS) — RM billion

Overhang by Sub-Sector

Units

- Residential Property
- SOHO
- Serviced Apartment
- Commercial Property
- Industrial Property

71,174

54,347

Total overhang

14,283

As of 2010 2012 2014 2016 2018 2020 2022 Q1 2024

Property Transaction: Commercial

Units — Volume (LHS) — Value (RHS) — RM billion

Property Transaction: Agriculture

Units — Volume (LHS) — Value (RHS) — RM billion
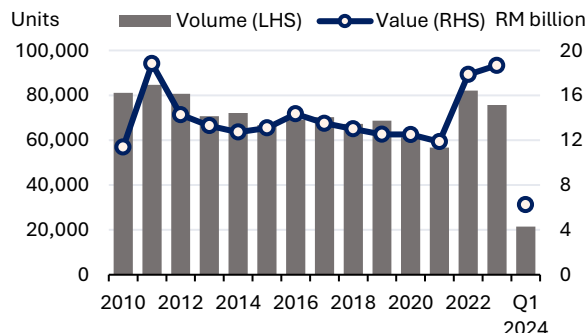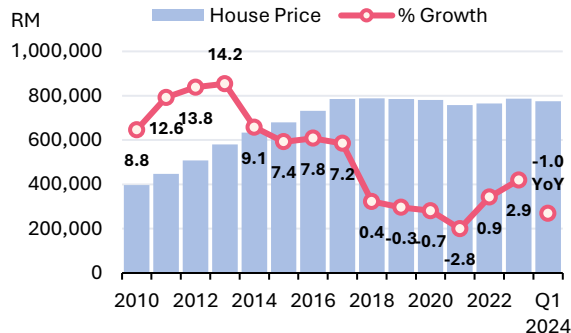

Source: National Property Information Centre (NAPIC)

Average House Prices in Malaysia and Selected States
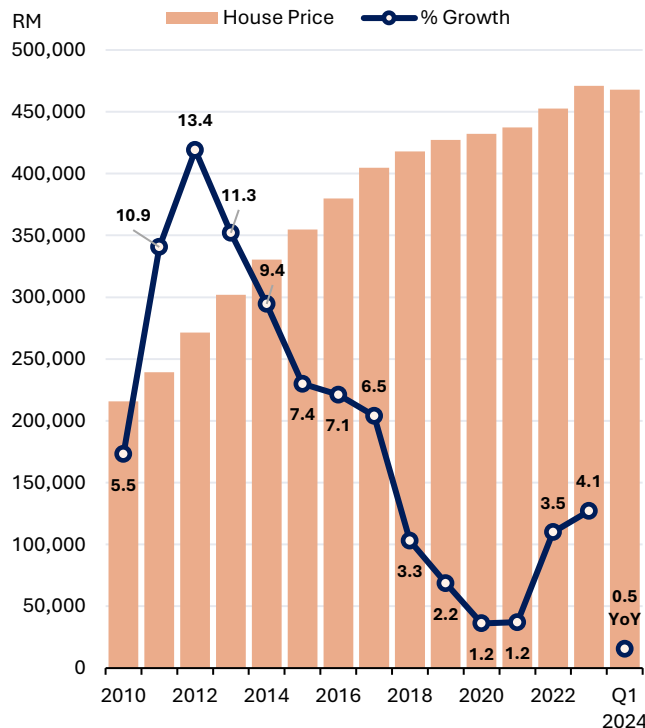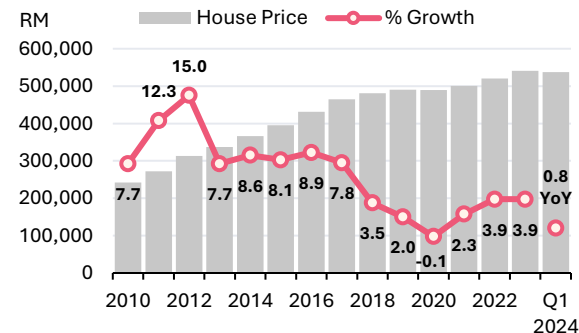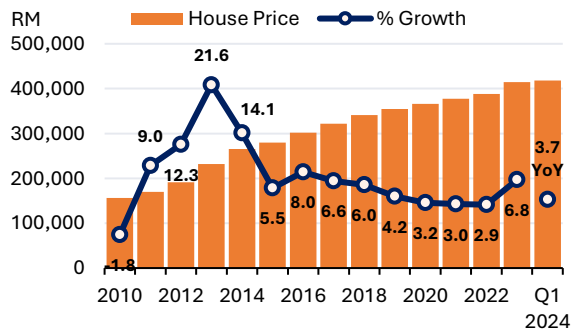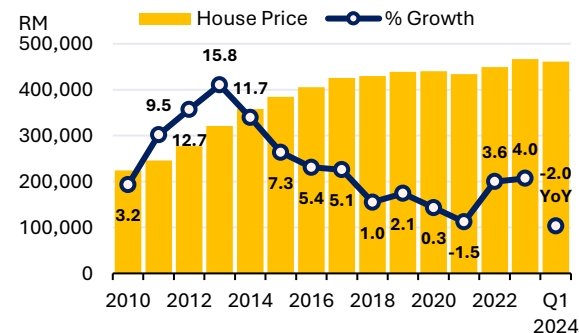

Note: The average house price represents the mean price of terraced, high-rise, semi-detached, and detached houses. Base year = 2010

Source: National Property Information Centre (NAPIC)

2010 vs. 2023: House Price Growth

Average House Price Growth (2010 – 2023)

Malaysia
CAGR: 6.2% p.a.
- 2010: RM215,678
- 2023: RM471,020

Kuala Lumpur
CAGR: 5.4% p.a.
- 2010: RM397,013
- 2023: RM787,069

Selangor
CAGR: 6.4% p.a.
- 2010: RM242,401
- 2023: RM540,704

Johor
CAGR: 7.8% p.a.
- 2010: RM156,032
- 2023: RM414,586

Pulau Pinang
CAGR: 5.8% p.a.
- 2010: RM224,190
- 2023: RM466,982

Population

	Malaysia	Kuala Lumpur	Selangor	Johor	Pulau Pinang
2010	28.6 million	1.7 million	5.5 million	3.4 million	1.6 million
2023	33.4 million	2.0 million	7.2 million	4.1 million	1.8 million
CAGR	+1.2% p.a.	+1.4% p.a.	+2.1% p.a.	+1.5% p.a.	+0.9% p.a.

Median Household Income

	Malaysia	Kuala Lumpur	Selangor	Johor	Pulau Pinang
2012	RM3,626	RM5,847	RM5,353	RM3,650	RM4,039
2022	RM6,338	RM10,234	RM9,983	RM6,879	RM6,502
CAGR	+5.7% p.a.	+5.8% p.a.	+6.4% p.a.	+6.5% p.a.	+4.9% p.a.
House Price Growth (2012-2022)	+5.2% p.a.	+4.2% p.a.	+5.2% p.a.	+7.4% p.a. ❗	+5.0% p.a. ❗

Home Ownership by Household

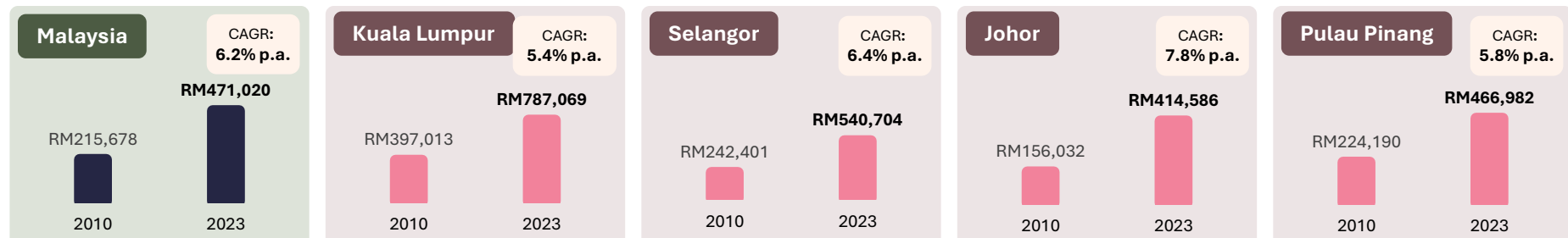|	Malaysia	Kuala Lumpur	Selangor	Johor	Pulau Pinang
2012	74.5%	50.8%	69.4%	74.3%	79.0%
2022	76.5%	63.9%	67.9%	77.9%	79.7%
Change	+2.0%	+13.1%	-1.5%	+3.6%	+0.7%

Note: The average house price represents the mean price of terraced, high-rise, semi-detached, and detached houses. Base year = 2010
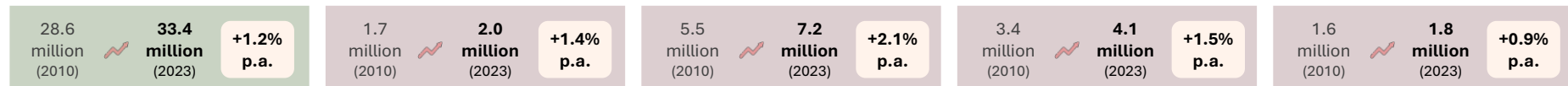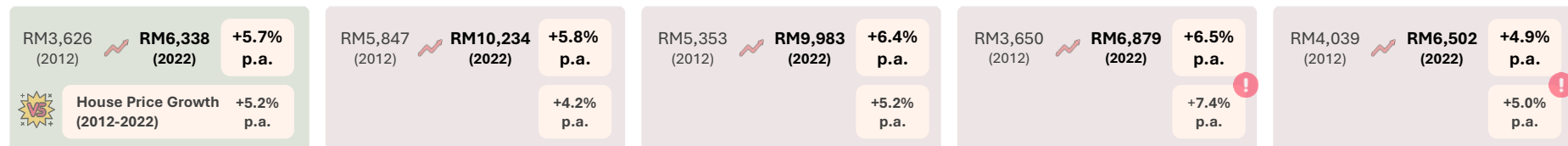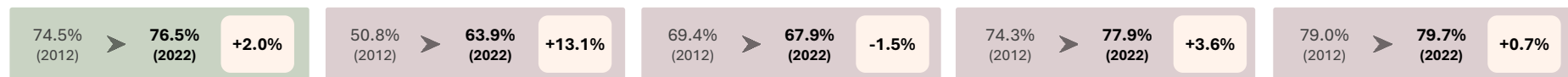Source: National Property Information Centre (NAPIC); Department of Statistics Malaysia (DOSM)

Thank You

Address : 6th Floor, Wisma Chinese Chamber,
258, Jalan Ampang,
50450 Kuala Lumpur,
Malaysia

Tel : 603-4260 3116/3119

Email : serc@acccimserc.com

Website : https://www.acccimserc.com

For our website:

For our LinkedIn: