
Session 2

Capital Availability: Is Malaysia Still a Destination for Real Estate?

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The panel discussed capital flow in Malaysia's real estate market, focusing on domestic and foreign investment perspectives. Key topics included Malaysia's attractiveness for investors due to its neutrality, infrastructure, and costs.

1. Market Growth

The real estate market in Malaysia is expected to see steady growth over the next four to five years. This outlook is bolstered by innovative approaches in residential development and strategic location advantages.

2. Residential Innovations

Developers are addressing overhang issues and market demands by introducing single-storey terraced houses, which have become highly sought after, despite their higher price points. This approach effectively meets the needs of buyers and reduces excess inventory.

3. High-Rise Developments

While there is concern about high-rise overhang, especially in Johor Bahru, well-located high-rise properties, particularly in RTS zones, are performing well. For instance, serviced apartments in areas like R&F are seeing significant price increases, reflecting strong demand.

4. Industrial Sector

The industrial real estate sector is vibrant, with substantial interest in industrial parks. Johor is emerging as a key destination for industrial investment due to its proximity to Singapore and the growth of regional economies.

5. Data Centres

Data centres are becoming a focal point for investment, driven by their potential for branding and showcasing infrastructure capabilities. There is a push for integrating data centres with high-end industries and academic training, which could enhance their value beyond just energy and land usage.

6. Addressing Overhang

To tackle the issue of overhang, especially in areas where properties remain unsold for extended periods, creative solutions like organising property carnivals can be effective. These events can provide incentives and streamline processes to clear excess inventory.

7. Regulatory and Market Dynamics

There is a need for more nuanced regulatory approaches and market studies to prevent overhang and ensure that foreign investments contribute positively to the local economy. Additionally, exploring alternative housing models like rental housing or rent-to-own programmes can help mitigate market fluctuations.

8. Repurposing Older Buildings

Converting older buildings into residential units or other uses, with possible government support, could address supply imbalances and make better use of existing assets. This requires overcoming barriers such as capital constraints and planning approvals.

These insights reflect a dynamic real estate market in Malaysia, characterised by innovation and strategic investments across various sectors.