



18th ASEAN Valuers Pre Congress
25-26 June 2013
Singapore

COUNTRY REPORT
Malaysia
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Organised by



Singapore Institute of Surveyors and Valuers

Country Report (Malaysia)



18th ASEAN Valuers Association (AVA) Congress
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18th AVA PRE CONGRESS
MEETING

25-26 JUNE 2013
YORK HOTEL SINGAPORE

THE MALAYSIAN PROPERTY MARKET PERFORMANCE 2012

Valuation & Property Services Department
Ministry Of Finance Malaysia

www.jp-ph.gov.my

OBJECTIVE

- ❑ To provide participants with an insight into:
 - ❑ The Malaysian Property Market Performance
 - ❑ The Property Market Outlook 2013

AGENDA

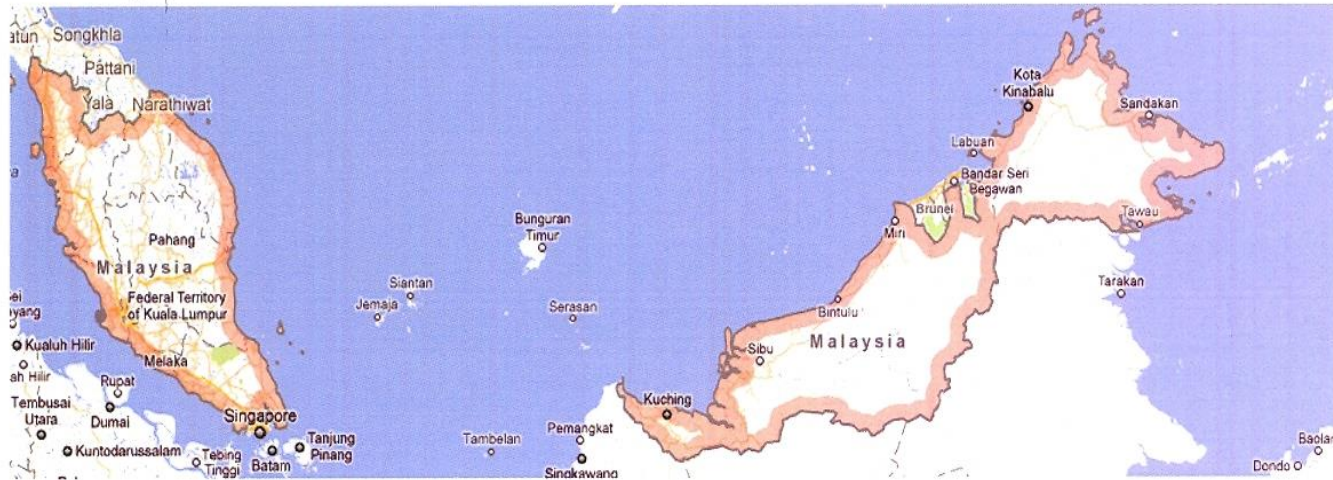
- ❑ Introduction
- ❑ Background Of Malaysia
- ❑ Economic Overview
- ❑ 2012 Property Market Overview
- ❑ Outlook For 2013

Introduction

Table 1: Volume and Value of Property Transaction (2008-2012)

Sector	2008		2009		2010		2011		2012	
	Volume (Units)	Value (RM million)	Volume (Units)	Value (RM million)	Volume (Units)	Value (RM million)	Volume (Units)	Value (RM million)	Volume (Units)	Value (RM million)
Residential	216,702	41,303	211,600	41,841	226,874	50,654	269,789	61,831	272,669	67,762
Commercial	31,749	16,615	33,329	16,386	39,798	23,840	43,674	27,636	41,082	27,792
Industrial	8,126	7,897	8,058	6,833	9,838	9,830	10,479	11,542	9,984	12,006
Agricultural	68,954	8,512	69,187	8,331	81,030	11,378	84,726	18,823	80,679	14,279
Development	14,702	14,009	15,656	7,588	18,922	11,611	21,713	17,978	23,029	20,955
Total	340,233	88,336	337,830	80,979	376,462	107,313	430,381	137,810	427,443	142,794

BACKGROUND OF MALAYSIA



- States: 14 states and 3 Federal Territories.
- Population: 28.3 million people (2010),
- Household: 6.5 million
- living quarters: 8.4 million
- Capital City: Kuala Lumpur,
 - Population 1.7 million
 - a density of 7,089 persons per sq. km,



ECONOMIC OVERVIEW



- Being highly open economy, Malaysia is affected by the moderation in global economic activity. In the past five years, Malaysia's economy has undergone several paces of growth due to the changing global economic environment.
- Nonetheless, in 2012, the Malaysian economic remained resilient with sustained growth though at moderate rate.

ECONOMIC OVERVIEW

Table 2: The Malaysian Gross Domestic Product (GDP) 2008 -2012

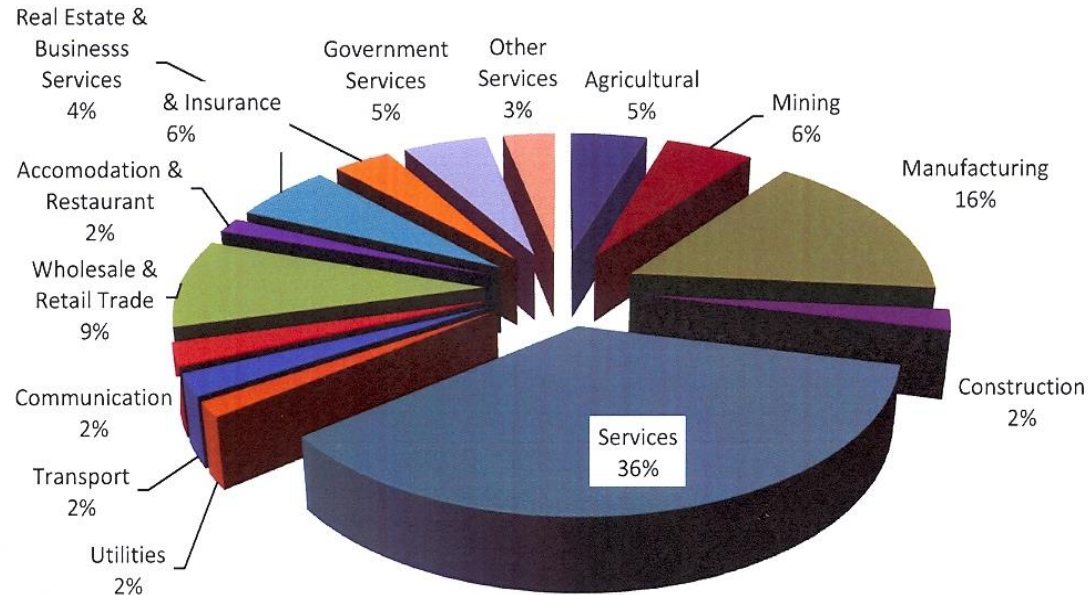
Year	GDP (RM billion)	GDP Growth (%)
2008	530.18	4.7
2009	521.1	-1.7
2010	674.95	7.2
2011	709.26	5.1
2012	749.07	5.6

Source: Malaysia Department of Statistics (2008-2013)

- The Malaysian economy continued to record a steady growth of 5.6% (2011: 5.1%) surpassing the targeted growth of 4.5-5.0%.
- Robust domestic activities drove the better than expected performance backed by the Government Strategic Reform Initiatives through various programmes under Economic Transformation Plan.

ECONOMIC OVERVIEW

- Key Sectors Contributing to GDP in 2012



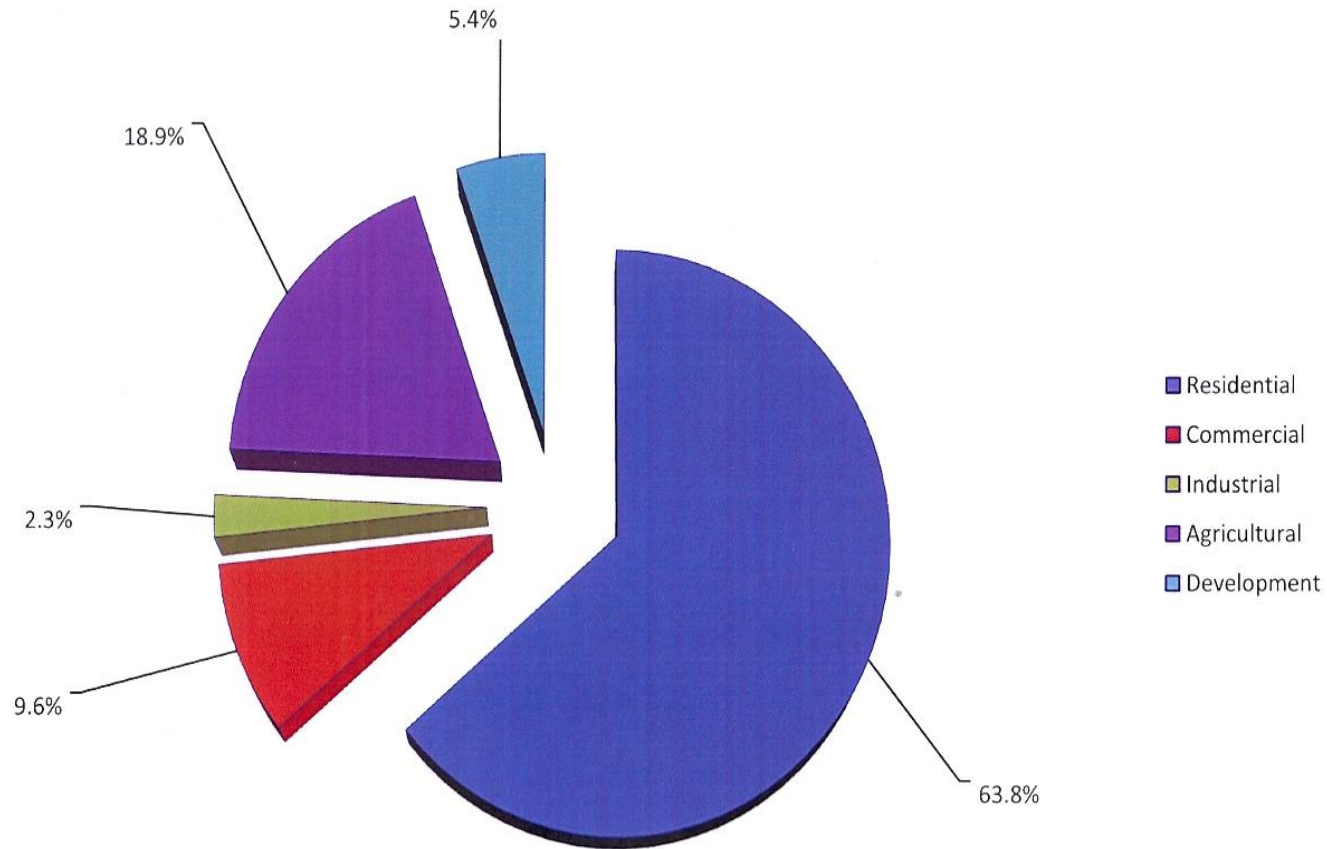
- Unemployment Rate: 3.1%
- Inflation Rate: 1.6%



2012 PROPERTY MARKET OVERVIEW

- The Malaysian property market moderated after attaining two consecutive years of growth.
- The market activity contracted by 0.7% in volume but increased marginally by 3.6 % in value.
- The year registered 427,520 transactions worth RM142.84 billion against 2011 which recorded 430,403 and RM137.83 billion in volume and worth respectively.
- Except for residential and development land sub-sectors that indicated modest growth of 1.1% and 6.1% respectively, other sub-sectors moderated. Commercial, agricultural and industrial sub-sectors subdued by - 5.9%, - 4.8% and - 4.7% respectively.

2012 Property Market Share By Sub-sectors



Residential Property

- Residential property sub-sector continued to prosper as indicated by improved sales performance of existing and new launches, reduced overhang numbers and higher housing starts.

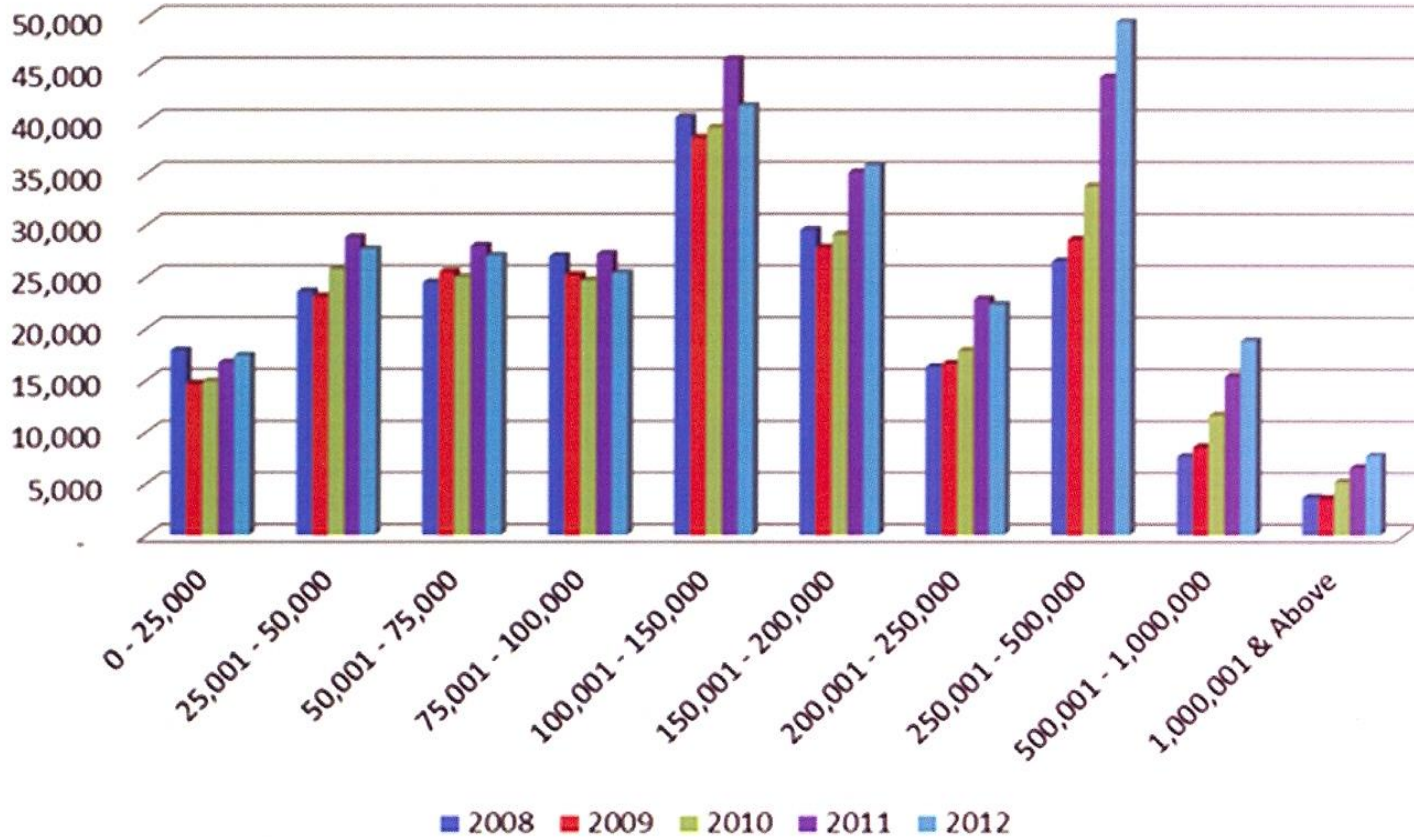


Residential Property

- Houses priced between RM250,000 and RM500,000 were the most active, capturing the largest share with 18.2% (49,510 transactions). Against last year the volume of transaction grew by 12.0% (2011: 44,215 transactions).
- On a similar upward trend, for the past four consecutive years, the demand for high-end units priced above RM500,000 continued to expand to 26,484 transactions (2008: 11,266 transactions; 2009: 12,121 transactions; 2010: 16,782 transactions; 2011: 21,905 transactions).



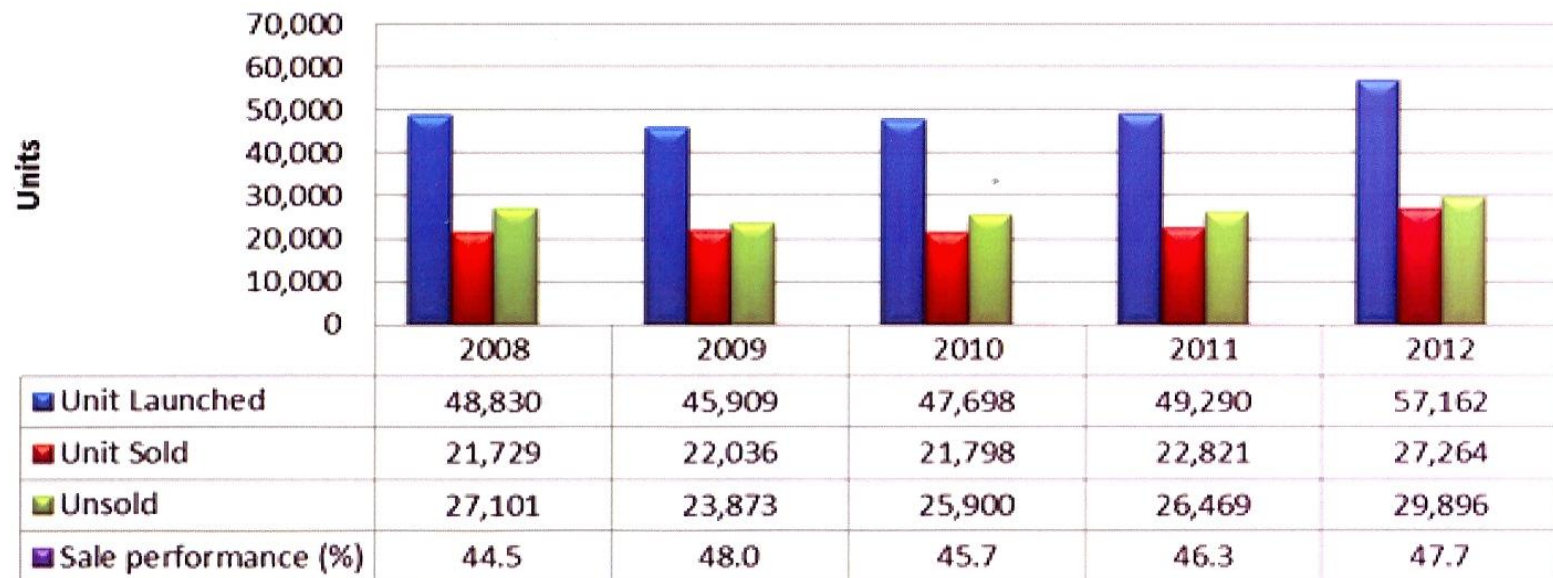
Fig. 2 : Volume of Transaction (Residential) By Price Range



Residential Property

- The primary market performance was encouraging. The year witnessed the launching of 57,162 new units, more than the 49,290 units recorded in 2011. Sales performance increased to 47.7% (2011:46.3%)

Figure 3: New Launches Performance (Residential) in Malaysia



Residential Property

- The construction activity in the residential sub-sector were buoyant
 - Housing starts increased by 19.7% to 138,301 units (2011: 115,578 units).
 - Building plan approvals grew by 20.3% to 141,956 units (2011: 118,025 units).
 - Completions increased by 9.6% to 72,195 units (2011: 65,866 units).
- By property type,
 - two to three storey terraced dwellings dominated completions, starts and new planned supply with 28.1% (20,272 units), 23.4% (32,393 units) and 23.4% (33,208 units) respectively.
- As at end of 2012, there were 4.62 million existing residential units with another 619,950 units in the incoming supply and 599,715 units in the planned supply.



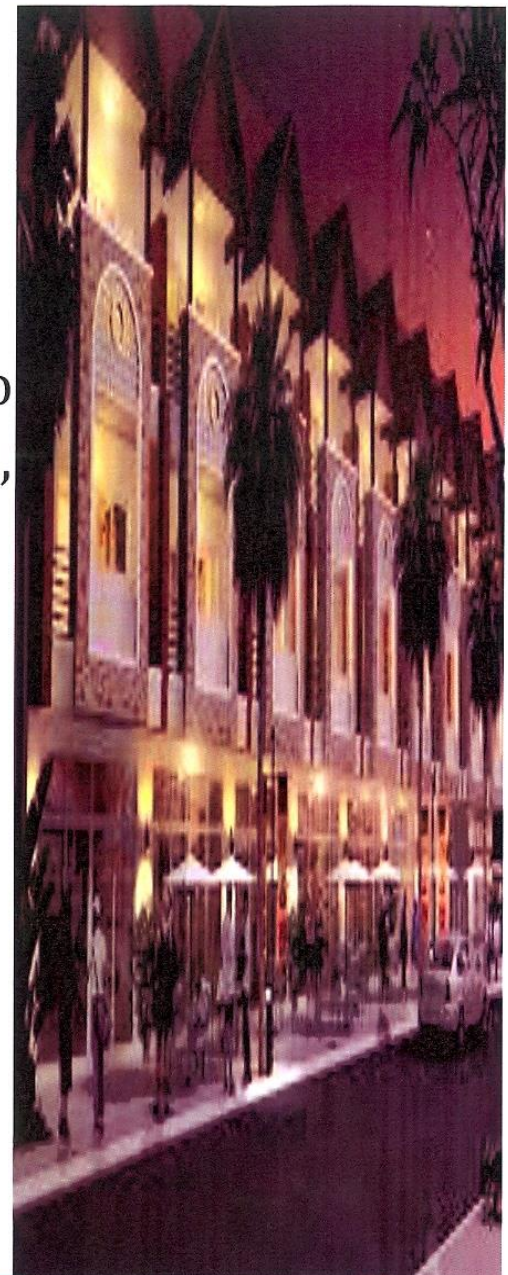


Commercial Property: Shop

- The shop's market activity however, softened. The volume and value of transaction decreased by 10.4% and 0.7% respectively (2012: 22,389 transactions, RM13.66 billion; 2011: 24,995 transactions: RM13.76 billion).
- Across the board, all types of shop recorded downturn in volume of transaction. One to one and a half storey shops registered the lowest contraction at 2.8% and the highest contraction was pre-war shop at 18.6%.
- Two to two and a-half storey shops were the most active, capturing 52.3% (11,719 transactions) of the shops' market share.

Commercial Property: Shop

- The 2011's improved overhang scenario persisted in 2012 with 11.5% reduction, from 5,482 units (2011) to 4,849 units.
- Likewise the overhang value decreased by 12.0% (2012: RM1.40 billion; 2011: RM1.59 billion).
- The unsold under construction almost unchanged at 4,910 units (2011:4,908 units).
- The unsold not constructed units dropped to 1,460 units after recoding 1,855 units in 2011.



Commercial Property: Shop

- Construction activity in the shop sub-sector was overwhelming. Starts, completion and new planned supply showed double digit growth at 25.1% (15,194 units), 14.1% (7,333units) and 18.9% (17,324 units) respectively.
- at 49.0% (3,594 units), starts at 47.0% (7,140 units) and 33.3% (5,768 units) of the new planned supply.
- As at year-end 2012, there were 378,999 shops in the existing supply and another 58,999 units in the incoming supply and 55,948 units in the planned supply.



Commercial Buildings : Shopping Complex & Purpose Built Office

The performance moderated as more space entered the market but sustained the quarterly occupancy rates of more than 78% even during the global economic crisis of 2007 & 2008:

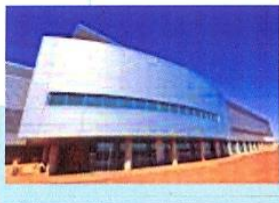


Commercial Buildings: The Supply fronts

Property Type	2010		2011		2012	
	Building (unit)	Space (million s.m)	Building (unit)	Space (million s.m)	Building (unit)	Space (million s.m)
Existing Supply						
Office	1,364	12.364	1,374	12.58	2324	18.15
Retail	761	10.66	812	11.591	852	12.071
Incoming Supply						
Office	64	1.979	68	2.146	93	1.9
Retail	109	1.966	83	1.563	65	1.277
Planned Supply						
Office	62	1.599	63	1.422	37	0.726
Retail	66	1.833	47	1.311	44	0.433

Industrial Property

- Transaction Activity –
 - the least active market, contributing 2.3% and 8.4% of the total market share in volume and value respectively.
 - 9,984 transactions worth RM12.00 billion.
- Construction activities registered double digit growth in all categories
 - Completions: + 10.6% (2012:710; 2011:642 units),
 - Starts : + 60.1% (2012:1,465; 2011:915 units)
 - New building approvals: +40.9% (2012:2,530; 2011:1,796 units)
- Supply:
 - 93,903 existing industrial units
 - 8,127 units in incoming supply
 - 217,331 units in planned supply



Agricultural property

- Transaction Activity

- 80,679 transactions worth RM14.28 billion,
- Reduced by 4.8% in volume and 24.1% in value



- By type,

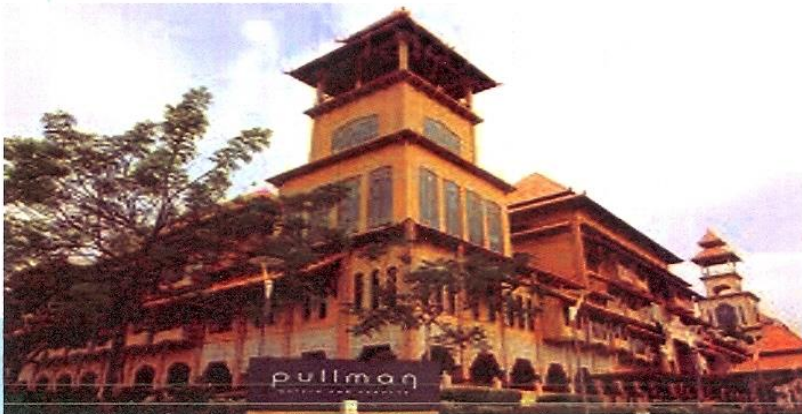
- vacant agricultural land captured 45.2% (36,438 transactions) of the total.
- Oil palm lands followed at 15.9% (12,806 transactions),
- rubber lands at 13.1% (10,550 transactions) and
- paddy lands at 12.5% (10,073 transactions).



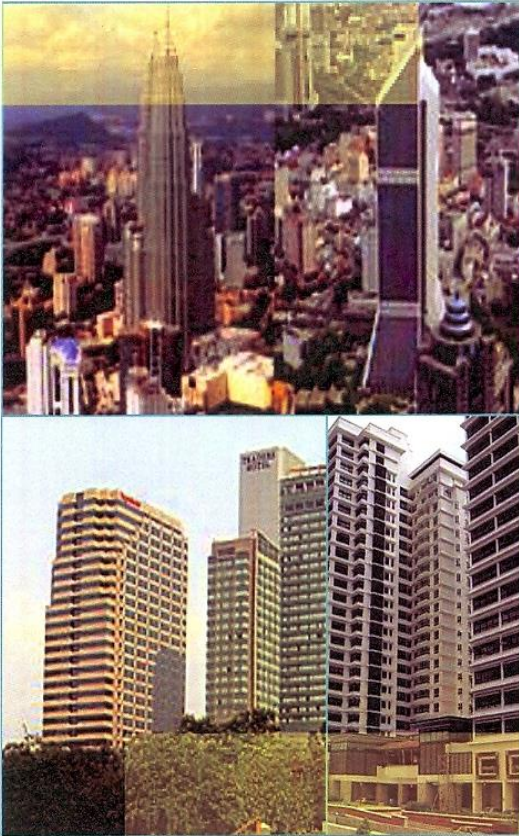
Leisure Property

- 25.03 million tourist with tourists from Singapore topped the list (52.0%).
- The national average occupancy of three to five star hotels rebounded to 53.6% against 51.4% recorded in 2011.
- One to five star hotels also experienced upward trend to record 54.5% (2011: 51.4%).

- On the construction side,
 - 20 hotels (4,440 rooms) completed
 - Starts construction increased to 29 hotels (4,743 rooms)
 - New planned supply sustained with 32 hotels
- On the supply side:
 - 2,578 hotels (183,640 rooms) in existing supply
 - 84 hotels (15,806 rooms) in the incoming supply
 - 93 hotels (14,920 rooms) in the planned supply



OUTLOOK FOR 2013



- In 2013, the global economic prospect is expected to grow between 5-6%.
- Private investment and consumption is anticipated continue to support growth.

Likewise, consumer spending is expected to continue to support the economy albeit Bank Negara Malaysia's measures to curb domestic household debts, backed by steady labour market and upgrade of civil servant salary scale.
- The construction sector is expected to increase further due to spill over effect from higher private investment.
- The services sector is also expected to be stronger supported by domestic demand and gradual improvement in the external environment.

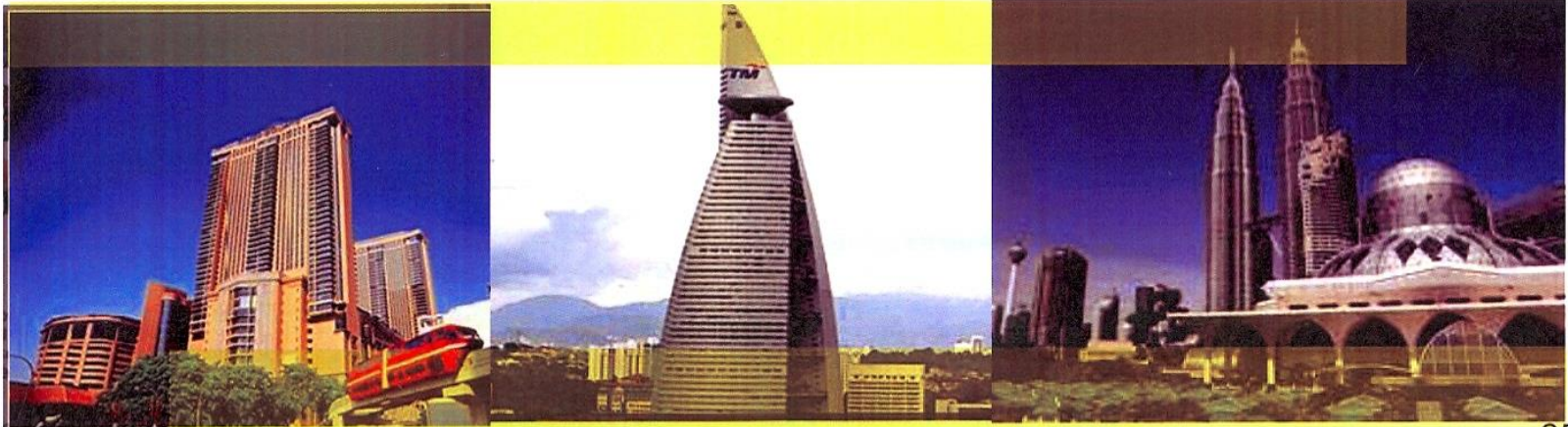
OUTLOOK FOR 2013



- Economic Transformation Programmes (ETP) will continue to propel Malaysia's economic growth.
- As at November 2012, investment worth RM6.68 billion which involves 23 Entry Point Projects of which 11 projects under five National Key Economic Areas (NKEA) , three developments under Strategic Reform Initiatives and nine projects under Regional Economic Corridors Projects.

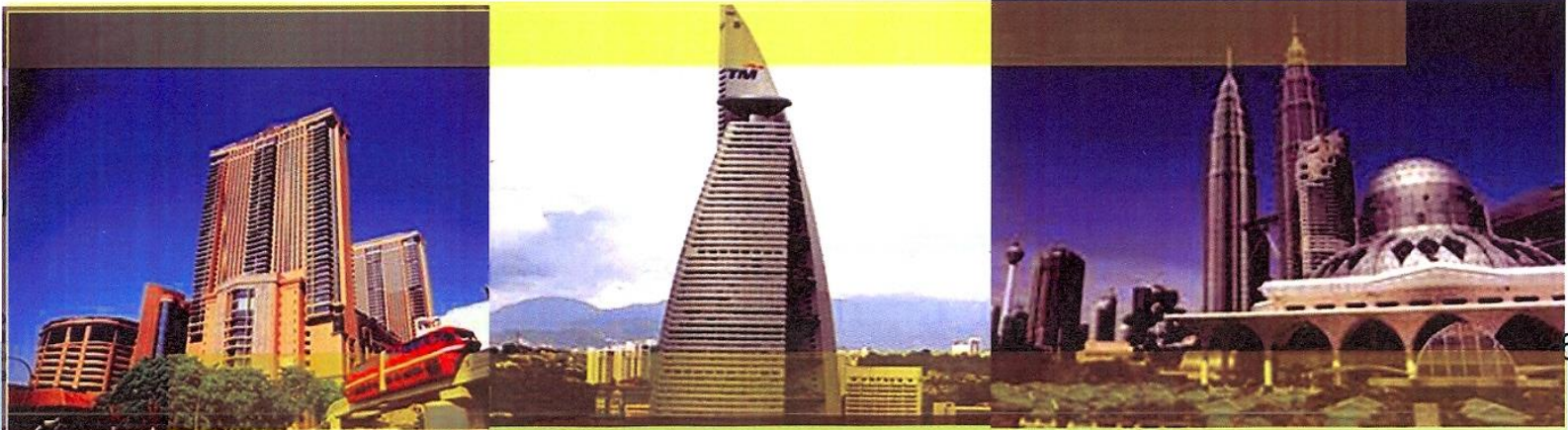
OUTLOOK FOR 2013

- The residential property sub-sector will continue to drive the property market and construction activity.
- Affordable housing will be the national focal agenda in the coming years. Three agencies viz. PR1MA, Syarikat Perumahan Nasional Berhad (SPNB) and National Housing Department are entrusted to build 123,000 affordable housing with RM1.9 billion allocation.

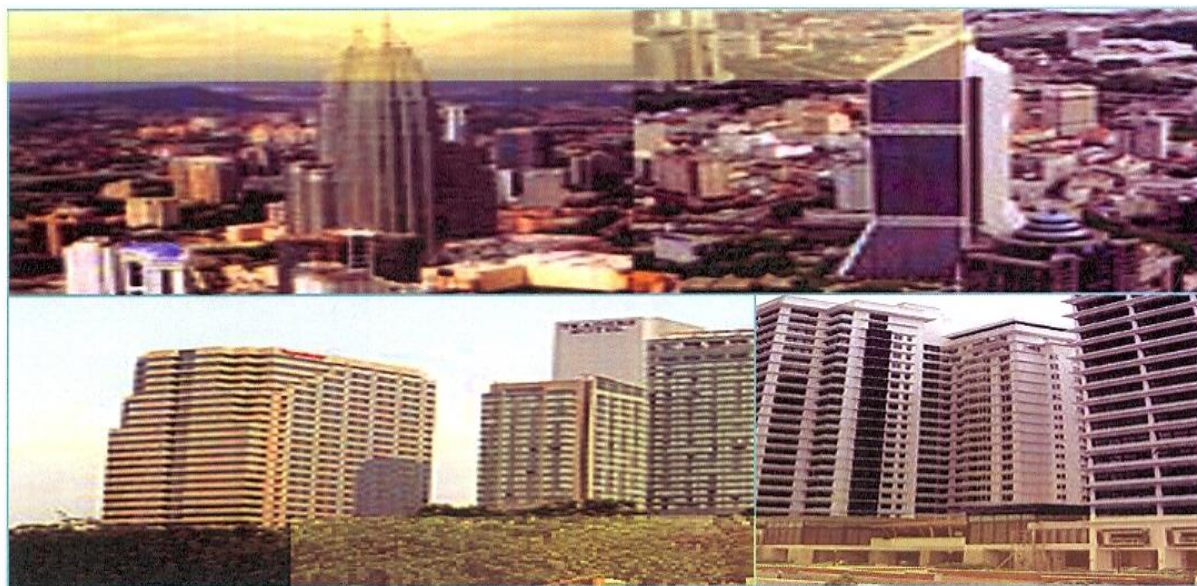


OUTLOOK FOR 2013

- Moving forward, the overall property market performance for 2013 will be subjected to the local and global economic environment.
- Nevertheless, the construction activity is expected to be vigorous particularly by the residential sub-sector.
- Similarly for the shop and industry sub-sector, higher starts and building plans approvals in 2012 indicate buoyancy in the construction activity.
- In the retail and office sub-sector, the occupancy performances are expected to remain strong, backed by moderate increase in new supply and coupled with fewer starts and new planned supply.



- The implementation of ETP projects is expected to continue to be the supporting factor to the positive impact on the property market at large.
- Bright prospects for hotel and industrial sub-sectors are expected in response to incentives and programmes set forth by the government.





THANK YOU
Q & A

