



Roundtable on Providing Affordable Housing for Malaysia
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Session 2: HISTORICAL TRENDS FOR THE HOUSING MARKET

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OBJECTIVE

- To provide participants with an insight into:
 - The Housing Market Performance 2007-2012
 - The Market Outlook 2012

AGENDA

1. INTRODUCTION
2. HOUSING MARKET ACTIVITY
3. OUTLOOK FOR 2012
4. CONCLUSION

1. INTRODUCTION



- Property Sector and the Economy
- Loan to Property Sector
- Housing Market and the Property Market

Property Sector and the Economy

- The Malaysian property market has remained strong to survive the 1997 Asian financial and 2007 global economic crises.

Table 1: Gross Domestic Product (GDP), Property Transaction Value and Volume in Malaysia in 2000 – 2011*_P

Year	Gross Domestic Product (GDP) (RM Billion)	GDP (%) <i>Growth</i>	Property Transaction Value (RM Billion)	% change pa of Transaction Value	% of Property Transaction Value to the GDP	Property Transaction Volume	% change pa of Transaction Volume
2000	356.40	8.3	39.20	14.0	11.0	239,981	6.2
2001	358.25	0.5	38.63	-1.4	10.8	242,634	1.1
2002	377.56	5.4	38.64	0.0	10.2	231,394	-4.6
2003	399.41	5.8	43.43	12.4	10.9	243,376	5.2
2004	426.51	6.8	60.01	38.2	14.1	293,318	20.5
2005	449.25	5.3	56.78	-5.4	12.6	276,508	-5.7
2006	475.19	5.8	61.60	8.5	13.0	283,897	2.7
2007	505.35	6.3	77.14	25.2	15.3	309,455	9.0
2008	530.68	4.6	88.34	14.5	16.7	340,240	9.9
2009	522.00	-1.6	81.00	-8.3	15.6	337,859	-0.7
2010	559.55	7.2	107.44	32.6	19.2	376,583	11.5
2011	558.30	5.1	137.83	27.8	24.5	430,403	14.2

(Source: Dept of Statistics Malaysia and NAPIC, 2001-2012)

* ** % Change Q-To-Q

Loan to Property Sector

- The banking sector remained accommodative to support property market activities.
- Loan to property sector made up more than 47.7% of the total loan in the banking system
- Housing loan made up 57.0% share of total loan to property sector & 27.2% share of total loan in the banking system.

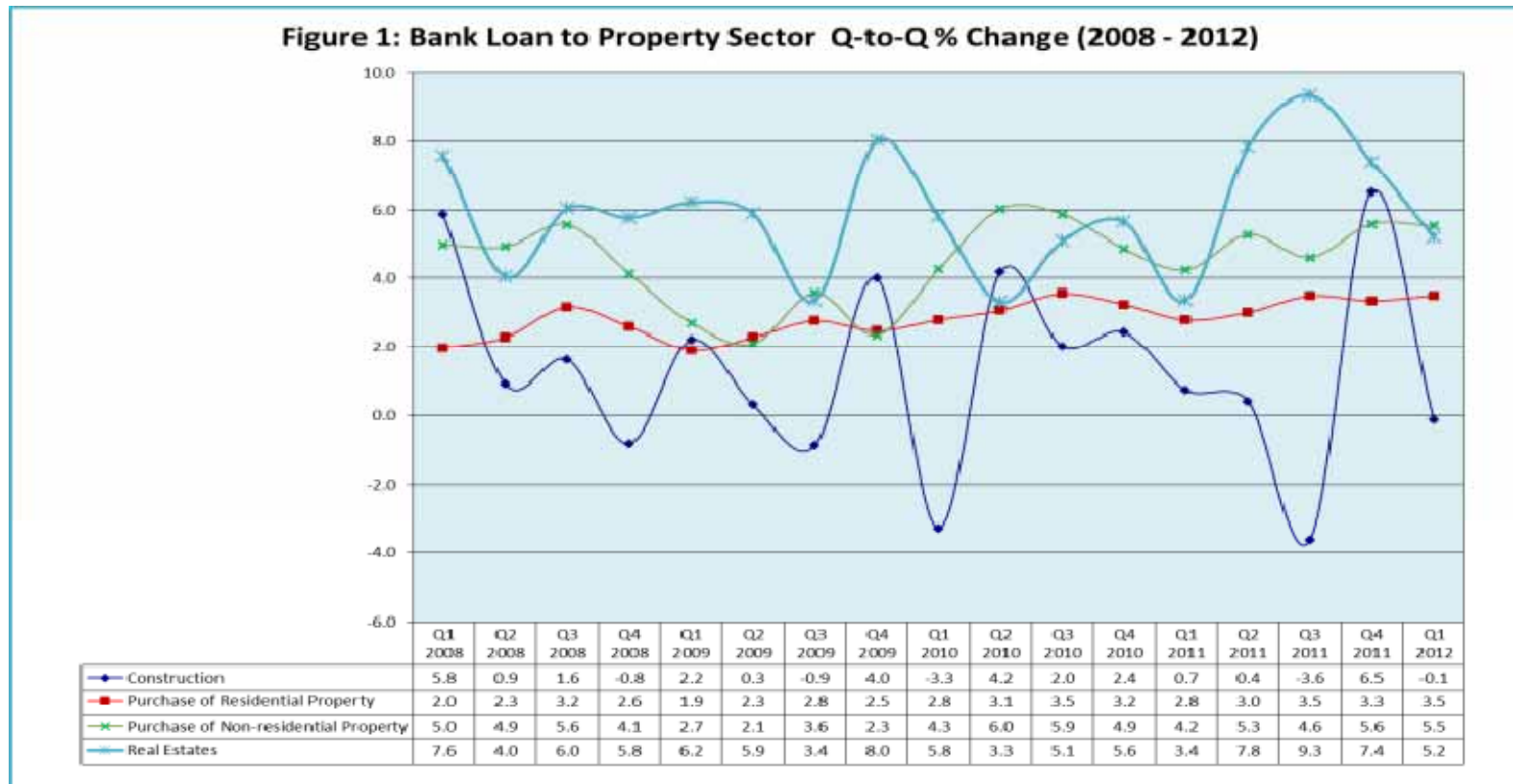
Table 2 : Loan by Commercial Banks and Merchant Banks to Property Sector as at March 2012

Sector	RM Million
Construction	39,966.4
Purchase of Residential Property	278,249.9
Housing Loans sold to Cagamas ¹	64.9
Purchase of Non-residential Property	116,066.4
Real Estates	53,641.0
Total Loans to Property Sectors	487,988.7

Source : Bank Negara Malaysia

Loan to Property Sector

- There are positive trends for loan disbursement to property sector particularly for purchase of housing units.



Housing Market and the Property Market

- Housing transactions led the property market activity contributing more than 60.0% share of total transactions. Whilst the housing transaction value constituted more than 40.0% share of the transaction value.

Table 3: Volume and Value of Property Transaction (2007-2011)										
SECTOR	2007		2008		2009		2010		2011	
	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	199,482	36,490.61	216,702	41,303.97	211,600	41,841.21	226,874	50,654.16	269,789	61,831.57
Commercial	27,900	16,350.75	31,749	16,615.92	33,329	16,386.19	39,798	23,840.26	43,674	27,636.22
Industrial	7,919	7,080.17	8,126	7,897.42	8,058	6,833.16	9,838	9,829.83	10,479	11,542.24
Agricultural	60,155	6,910.19	68,954	8,512.11	69,187	8,331.93	81,030	11,377.83	84,726	18,822.92
Development	13,971	10,302.09	14,702	14,009.46	15,656	7,588.21	18,922	11,611.18	21,713	17,978.05
Total	309,455	77,143.14	340,240	88,341.84	337,859	80,996.19	376,583	107,439.55	430,403	137,828.07

2. HOUSING MARKET ACTIVITY

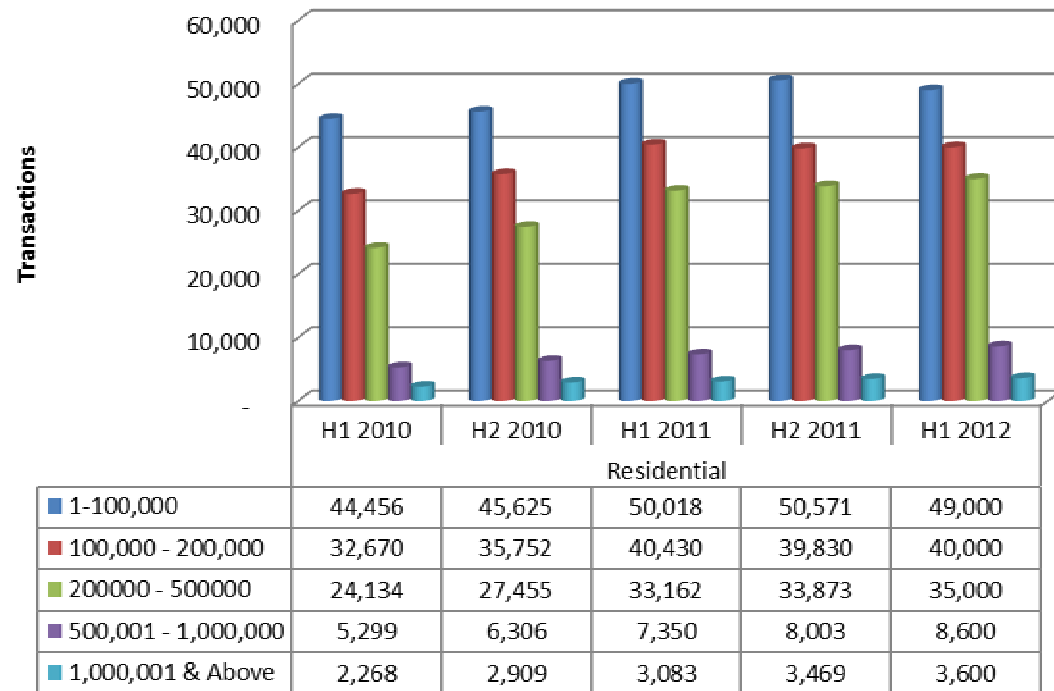


- Housing Transaction Activity
- Primary Market Performance
- The Unsold Housing
- Primary Housing Market: Q1 2012
- Housing Construction Activity
- Housing Supply
- House Price By Transaction Value
- House Price Trends

Housing Transaction Activity

- 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.

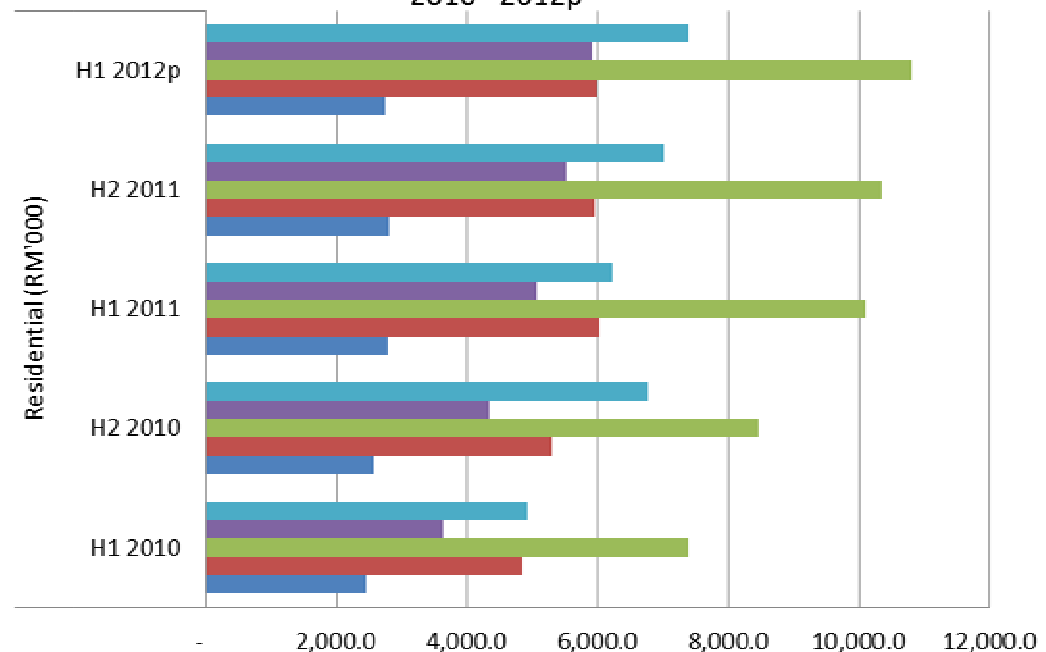
Figure 3: Housing Transactions by Price Range H1 2010 - H1 2012p



Housing Transaction Activity

- In term of value, the housing transactions were dominated by units priced between RM200,000 and RM500,000 since 2010.

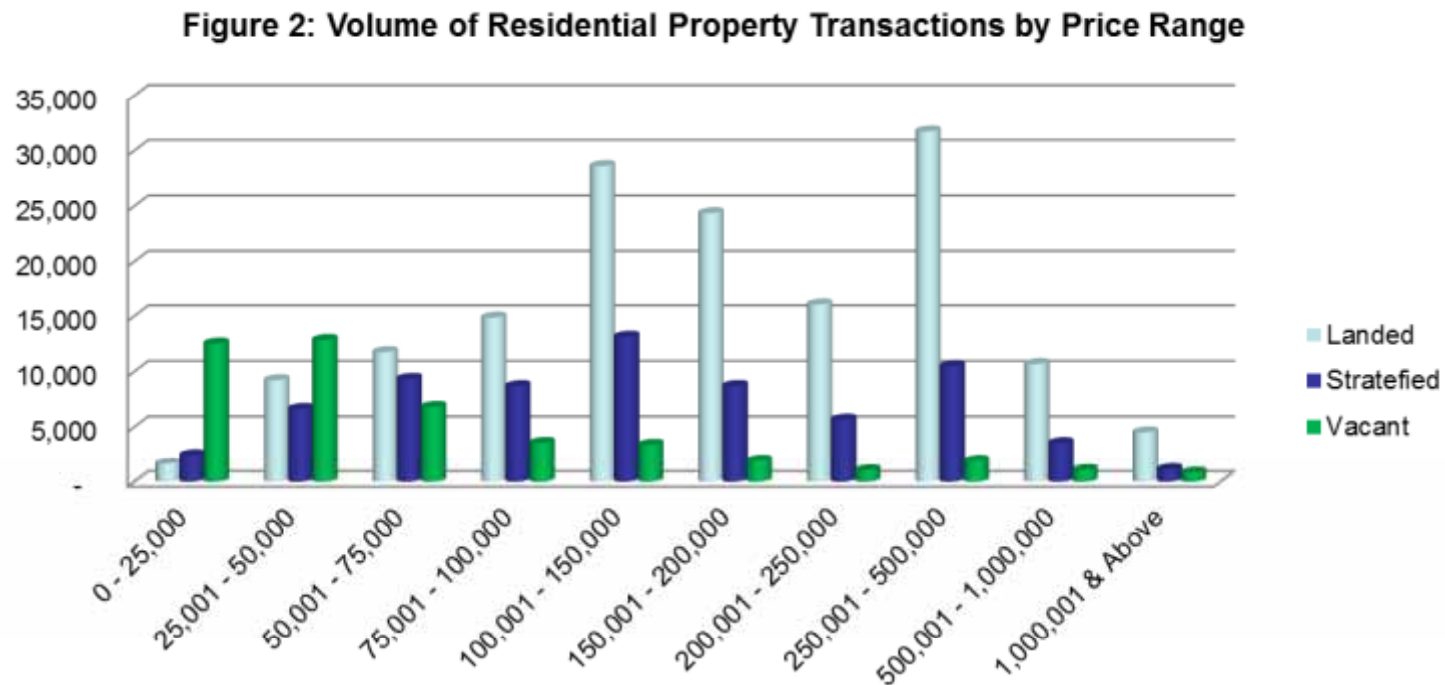
Figure 3: Total Residential Transaction Value by Price Range H1
2010 - 2012p



	Residential (RM'000)				
	H1 2010	H2 2010	H1 2011	H2 2011	H1 2012p
1,000,001 & Above	4,933.2	6,766.0	6,221.7	7,009.9	7,391
500,001 - 1,000,000	3,636.4	4,332.3	5,064.5	5,519.1	5,918
200000 - 500000	7,377.7	8,455.0	10,099.3	10,359.1	10,803
100,000 - 200,000	4,840.5	5,299.8	6,021.6	5,943.5	5,994
1-100,000	2,448.9	2,564.3	2,783.6	2,809.2	2,739

Housing Transaction Activity

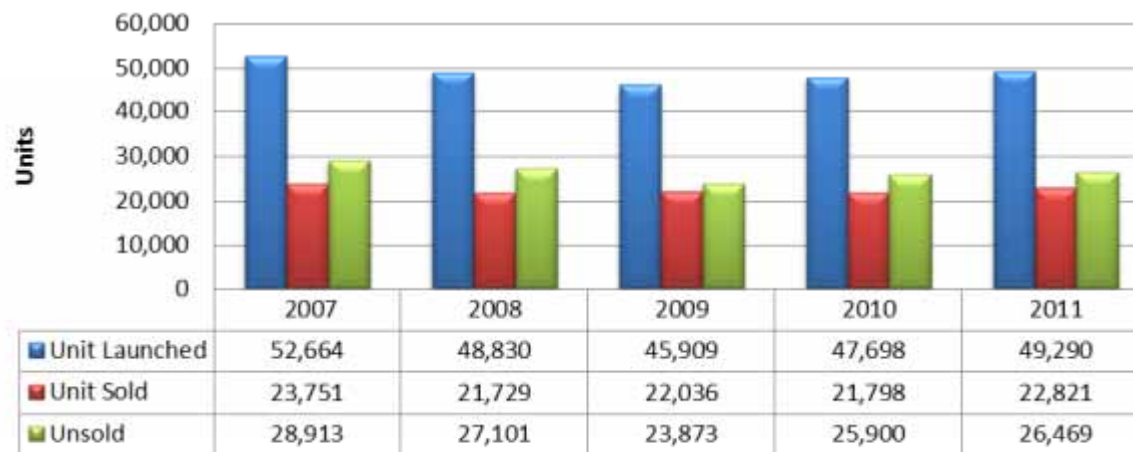
- In 2011, vacant plots dominated lower-end price transactions, whilst landed housing units lead the market activity for the other.



Primary Market Performance

- The primary market performance was encouraging. Year 2011 witnessed the launching of 49,290 new units, more than the 47,698 units recorded in 2010.
- Units sold within 9 months were in the range of 25,000 to 29,000 pa since 2007.

Figure 3: New Launches Performance (Residential) in Malaysia



Primary Market Performance

Figure 3: Sale Performances of New Launches in Malaysia In 2011

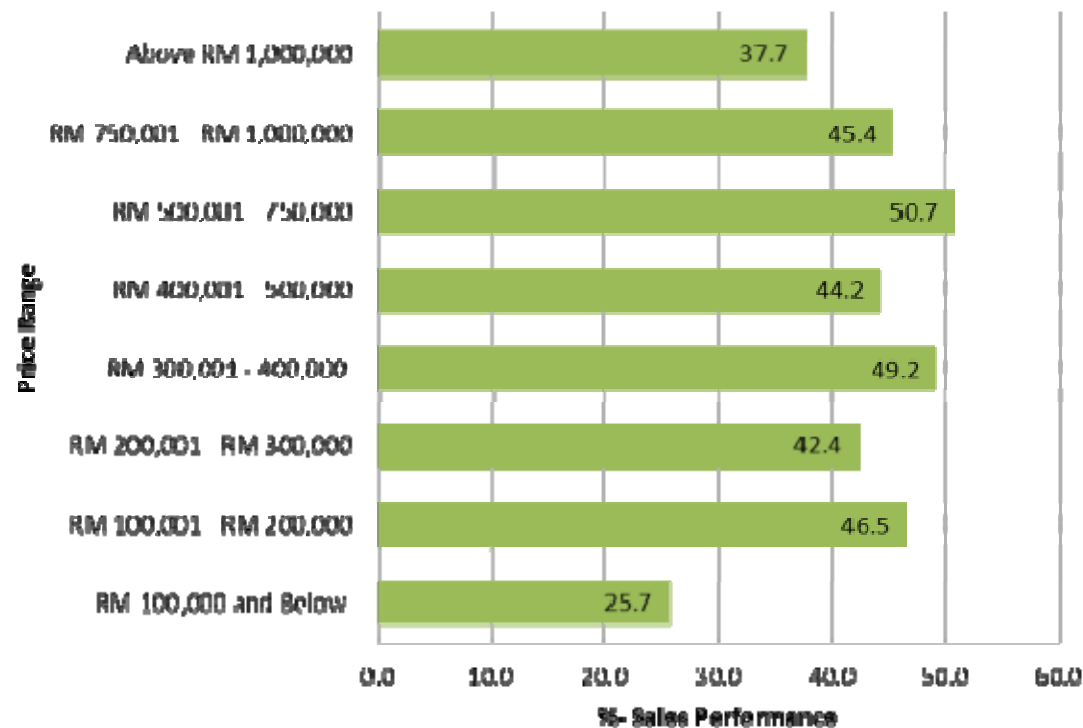


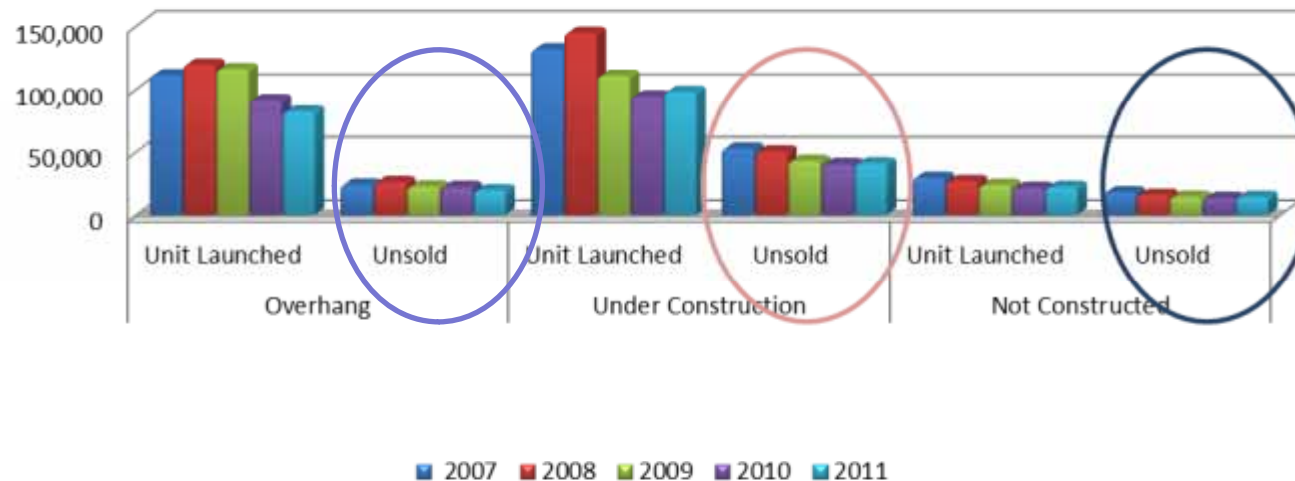
Table 4: Unit Launched in 2011 - Malaysia

Price Range	Unit Launched
RM 100,000 & Below	1,367
RM 100,001 - 200,000	1,387
RM 200,001 - 300,000	5,611
RM 300,001 - 400,000	7,864
RM 400,001 - 500,000	5,900
RM 500,001 - 750,000	17,422
RM 750,001 - 1,000,000	5,728
Above RM 1,000,000	4,011
Total	49,290

The Unsold Housing

- In 2011, in tandem with the improved primary market, the residential overhang scenario also improved down by 15.2% to 19,607 units. Conversely, value increased to RM4.92 billion from RM4.21 billion in 2010.

Figure 4: Unsold Housing by Category in Malaysia 2007 - 2011



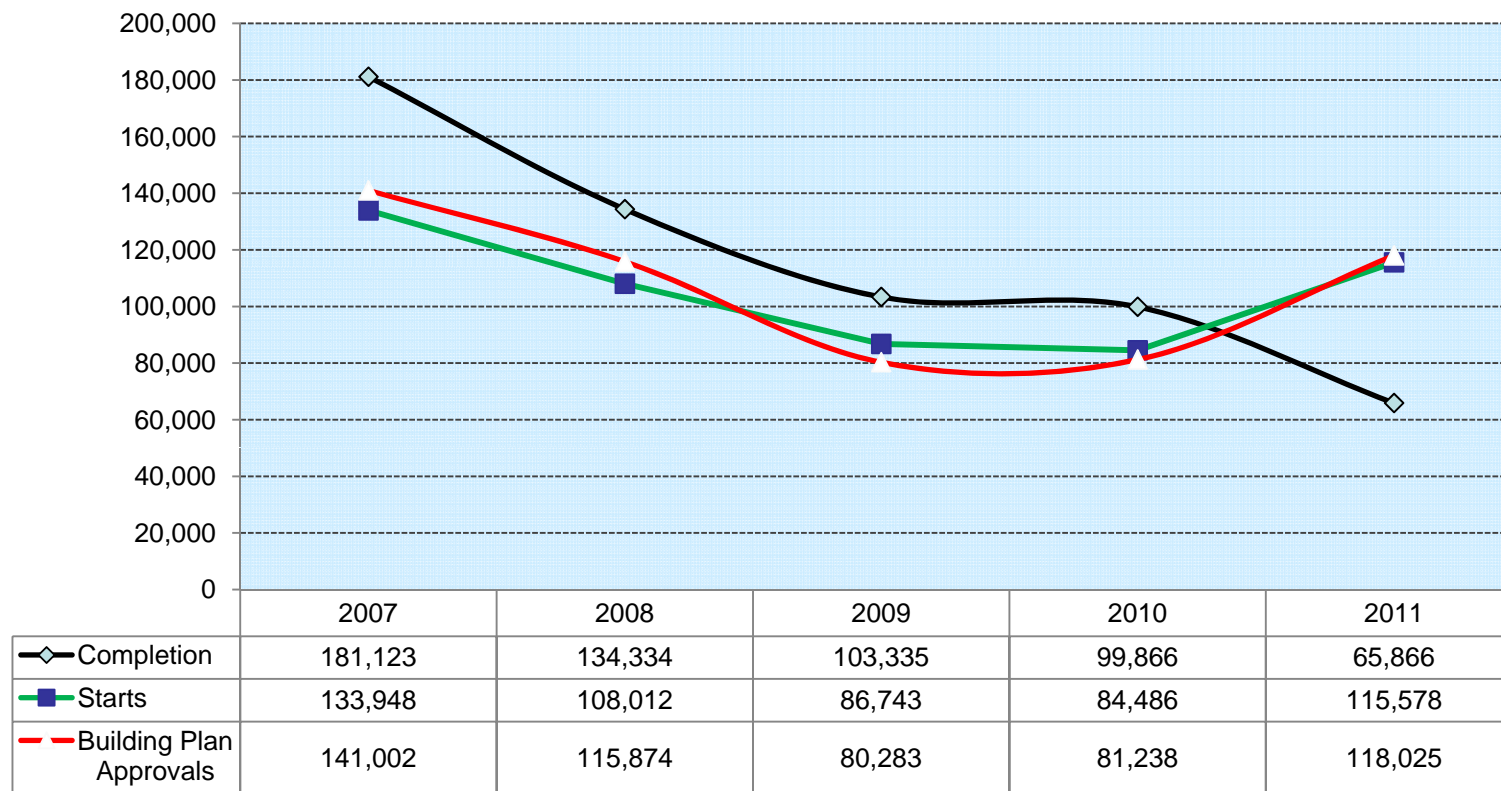
The Unsold Housing

Table 7: Total Overhang Units by Price Range & House Types in Malaysia as at Q1 2012

Price Range		a. Terrace	b. Semi-Detach	c. Detached	d. Cluster	e. Low Cost	f. Highrise	Total
a. RM200,000 or less	Total Unit Launched	17,356	1,491	189	910	15,094	16,491	51,531
	Overhang Units	5,404	535	49	103	3,411	2,420	11,922
	Sum of Value ('000,000)	608.0	80.1	7.1	16.5	196.1	267.0	1,174.9
b. RM200,001 - RM500,000	Total Unit Launched	5,851	1,965	592	657	40	7,645	16,750
	Overhang Units	1,804	696	250	261	15	1,573	4,599
	Sum of Value ('000,000)	502.3	206.6	79.1	83.5	3.9	541.9	1,417.4
c. RM500,001 - RM1,000,000	Total Unit Launched	502	226	164	10	0	1,589	2,491
	Overhang Units	125	81	63	6	0	239	514
	Sum of Value ('000,000)	85.7	55.6	41.4	3.9	0.0	151.2	337.7
d. More than RM1,000,000	Total Unit Launched	83	78	223	0	0	2,728	3,112
	Overhang Units	12	17	69	0	0	792	890
	Sum of Value ('000,000)	20.9	31.6	167.9	0.0	0.0	1,417.6	1,638.0
	Total Unit Launched	23,792	3,760	1,168	1,577	15,134	28,453	73,884
	Overhang Units	7,345	1,329	431	370	3,426	5,024	17,925
	Sum of Value ('000,000)	1,217.0	373.9	295.4	103.9	200.0	2,377.8	4,568.0

Housing Construction Activity

Figure 6: Housing Completions, Starts and Building Plan Approvals in Malaysia 2007 - 2011



Housing Construction Activity

- The construction activity in the residential sub-sector showed positive sentiment.
 - Housing starts increased by 36.6% to 115,448 units (2010: 4,486 units).
 - Building plan approvals grew by 44.4% to 117,291 units (2010: 81,238 units).
 - But completions down by 35.4% to 64,538 units (2010: 99,866 units).
- By property type,
 - two to three storey terraced dwellings dominated completions, starts and new planned supply with 27.7% (17,865 units), 24.2% (27,981 units) and 23.9% (28,031 units) respectively.

Housing Supply

Table 8: Housing Supplies by Types as at Q1 2012

EXISTING STOCK Q1 2012							
	Terraced	Semi-Detached	Detached	Cluster	Low Cost House	Highrise	Total
Malaysia	1,859,874	298,818	403,186	27,945	1,416,428	524,496	4,530,747
Kuala Lumpur	91,214	6,190	6,835	4,248	149,589	157,521	415,597
Selangor	568,699	39,357	44,841	7,185	431,112	216,087	1,307,281
Johor	332,477	42,231	85,058	2,647	191,609	30,558	684,580
Pulau Pinang	100,537	23,916	6,613	7,730	180,512	38,275	357,583
PLANNED SUPPLY STOCK Q1 2012							
Malaysia	228,578	57,615	31,615	7,184	124,565	120,310	569,867
Kuala Lumpur	1,726	550	413	0	810	33,769	37,268
Selangor	47,146	10,951	5,327	2,153	23,509	38,415	127,501
Johor	38,342	6,852	1,182	2,795	25,654	12,598	87,423
Pulau Pinang	16,287	5,276	2,394	1,055	14,678	7,827	47,517
INCOMING SUPPLY Q1 2012							
Malaysia	234,925	47,350	42,612	6,981	159,429	107,280	598,577
Kuala Lumpur	614	106	131	0	6,516	15,773	23,140
Selangor	31,829	7,640	7,991	1,097	31,588	30,836	110,981
Johor	74,385	8,830	5,574	1,847	41,926	17,724	150,286
Pulau Pinang	15,846	4,139	1,831	808	15,802	6,318	44,744

House Price by Transaction Value

- Average terraced & condominium/apartment transaction value in Kuala Lumpur & George Town were high against Selangor & Johor.

Table 8: Average Transaction Value for Terraced & Condominium Units In Major States

Year	State/Location	2 - 2 1/2 Storey Terraced			Condominium/Apartment		
		Number	Value (RM)	Average (RM)	Number	Value (RM)	Average (RM)
	Selangor						
2011	Bandar Petaling Jaya	600	408,037,779	680,063	1,023	394,215,460	385,352
2012	Bandar Petaling Jaya	148	111,815,837	755,512	240	87,989,563	366,623
2011	Bandar Shah Alam	658	244,674,433	371,846	369	69,780,516	189,107
2012	Bandar Shah Alam	185	65,926,769	356,361	101	19,790,606	195,947
	Kuala Lumpur						
2011	Kuala Lumpur Town	45	37,480,417	832,898	2,552	1,631,961,777	639,483
2012	Kuala Lumpur Town	10	6,889,000	688,900	597	410,144,536	687,009
2011	Mukim Kuala Lumpur	576	484,898,221	841,837	2,724	1,022,175,602	375,248
2012	Mukim Kuala Lumpur	105	98,298,956	936,181	616	334,938,677	543,732
2011	Mukim Petaling	735	410,480,749	558,477	2,815	608,864,308	216,293
2012	Mukim Petaling	137	69,673,264	508,564	715	158,175,475	221,224
	Pulau Pinang						
2011	Georgetown	218	142,882,250	655,423	1,085	509,671,711	469,744
2012	Georgetown	62	46,458,797	749,335	199	103,763,060	521,422
2011	Jelutong	49	39,585,153	807,860	143	62,154,220	434,645
2012	Jelutong	12	9,615,700	801,308	31	21,841,888	704,577
	Johor						
2011	Bandar Johor Bahru	140	36,432,240	260,230	394	90,342,377	229,295
2012	Bandar Johor Bahru	39	10,705,868	274,509	134	30,805,388	229,891

House Price by Transaction Value

- In the states Terengganu, Pahang & Melaka, average condominium/apartment transaction value were below RM200,000.
However, Bandar Kuala Terengganu recorded average terraced transaction value of more than RM400,000

Table 9: Average Price for Terraced & Condominium Units In Other States							
Year	State/Location	2 - 2 1/2 Storey Terraced			Condominium/Apartment		
		Number	Value (RM)	Average (RM)	Number	Value (RM)	Average (RM)
	Pahang						
2011	Kuala Kuantan	458	94,144,365	205,555	29	3302575	113,882
2012	Kuala Kuantan	88	18,180,758	206,600	15	1532900	102,193
2011	Sungai Karang	14	2,305,328	164,666	-	-	-
2012	Sungai Karang	4	479,888	119,972	-	-	-
	Terengganu						
2011	Batu Rakit	5	860,000	172,000	-	-	-
2012	Batu Rakit	13	2,720,000	209,231	-	-	-
2011	Bandar Kuala Terengganu	14	6,150,000	439,286	33	5318000	161,152
2012	Bandar Kuala Terengganu	1	400,000	400,000	8	1359000	169,875
	Melaka						
2011	Bdr Melaka	99	21,457,500	216,742	416	46,872,788	112,675
2012	Bdr Melaka	17	3,997,000	235,118	44	6,304,680	143,288
2011	Bt Berendam	132	19,581,621	148,346	65	7,541,300	116,020
2012	Bt Berendam	41	6,088,682	148,504	28	3,443,396	122,978

House Price Trends

Table 7: House Price Index, Malaysia, Selangor & Kuala Lumpur 2000 -2012

Year	Malaysia			Selangor			Kuala Lumpur		
	All House Index	Average All House Price	Average Terraced House Price	All House Index	Average All House Price	Average Terraced House Price	All House Index	Average All House Price	Average Terraced House Price
2000	100.0	139,098	126,857	100.0	215,160	210,117	100.0	267,415	270,769
2001	101.1	140,644	126,907	103.5	221,339	216,701	101.6	269,001	269,638
2002	103.6	145,244	132,987	105.7	229,740	228,100	107.2	282,479	298,792
2003	107.9	151,247	137,451	108.7	236,570	234,542	108.2	287,475	306,071
2004	113.2	157,538	142,104	114.4	243,038	240,105	115.2	308,933	320,704
2005	115.9	161,681	145,452	115.2	246,327	241,806	122.7	326,253	334,061
2006	118.4	165,998	148,402	115.5	248,465	245,262	129.2	345,219	354,476
2007	123.9	172,466	153,774	119.2	253,492	248,721	139.4	371,286	379,112
2008	129.9	179,359	160,217	124.7	264,671	257,984	145.6	382,775	395,078
2009	131.8	184,018	164,445	123.6	263,312	256,099	142.0	388,430	389,749
2010	140.7	196,720	175,852	134.7	289,900	285,259	159.3	422,112	415,502
2011	154.6	216,034	194,755	149.9	325,673	323,356	178.7	471,265	493,046
Q1 2012 ^p	158.2	219,219	198,576	157.2	334,999	335,820	175.1	464,296	473,856

3. OUTLOOK FOR 2012



- In 2012, the global economic prospect is expected to be more challenging. The economic slowdown in Europe, Japan and the BRICS countries (Brazil, Russia, India, China and South Africa),

Economic Outlook

- Malaysian economy is expected to grow by between 3.8% & 5.0%.
- CPI inflation is foreseen to be about 2.5% due to increase in food prices but tamed by a general slowdown in economic growth & cautious stance of customers.
- Private consumption is anticipated to grow at 6.4%:
 - Back by steady labour market & upgrade of civil servant salary scale
 - Consumer spending is expected to continue to support the economy albeit BNM's measures to curb domestic household debts.
- Private investment is expected at 9.0%:
 - A stronger construction sector is foreseen as a spill over effect from higher private investment
 - Service sector is also anticipated to be stronger.

Key Drivers:

- Government Incentives & Measures
 - Budget 2011 & Budget 2012
 - Second Rolling Plan (RP2) under the tenth Malaysian Plan (10MP)
- The implementation of Economic Transformation Programme (ETP) may push private investment up amid shaky global economic prospects:
 - As at November 2011, 53% of 131 targeted Entry Point Projects (ETP) with RM10 billion investment & another RM5 billion by year-end.

Market Driver

- For housing demand
 - 10% guaranteed down payment for homes < RM220,000 (participant's Income < RM3,000).
 - 50% Stamp Duty exemption & 50% loan agreement instrument for 1st time home buyers for homes =<RM350,000.
 - Raise maximum loan eligibility to RM450,000 for civil servants
 - Expedite property registration from 30 days to 1 day.
 - Increase the price limit for My First Home Scheme to RM400,000.
 - Expatriates can withdraw EPF to purchase a house

Real Estate Construction Activity Scenario

- Mixed development of houses as well as commercial, industrial and infrastructure facilities on the RRIM land in *Sungai Buloh* with an estimated cost of RM10.00 billion
- *Warisan Merdeka* office building – a new 100-storey tower (skyline icon in Malaysia)
- Establish 1Malaysia People's Housing (PR1MA) for affordable & quality at Sungai Besi & Sungai Buluh
- Islamic banks to provide Shariah-compliant financing & undertake risks under the built-then-sell housing delivery system.

Real Estate Development Driver ...

- A sum of RM339.00 million allocation for Johor-Iskandar Malaysia, including for:
 - the construction of highways,
 - development of housing areas as well as
 - providing and improving public transportation services.
- Incentive packages for the RM26.00 billion development of Kuala Lumpur International Financial District (KLIFD) on the present site of the Royal Malaysian Air Force Base in Sungai Besi including:
 - Income tax exemption for 10 years for KLIFD status company.
 - Income tax exemption for 5 years for property developers;

Demand For Development Land


- From the spill over effect:
 - Construction of highways such as the Ampang-Cheras-Pandan Elevated Highway, Guthrie-Damansara Expressway, Damansara-Petaling Jaya Highway, Pantai Barat-Banting-Taiping Highway, Sungai Dua-Juru Highway and Paroi-Senawang Highway;
 - The Mass Rapid Transit (MRT) in Greater KL (Klang Valley) with a total worth of RM40.00 billion;
 - The construction of Johor Bahru-Nusa Jaya coastal highway in Iskandar Malaysia;
- The demand driver:
 - The RM98.4 billion allocation for 2-years (2012-2013) for RP2, which is focused on high impact development project;

6. Conclusion



Conclusion

- It is anticipated that growth in the construction sector will benefit from the implementation of development projects under the ETP and 10MP
- The banking system would continue to support the market with ample and accommodative funding. Nonetheless, BNM's move to make housing loan applications based net income since January 2012, is expected to be a challenge in the coming half year. In long run, however, the move is expected to filter out speculation and strengthen property market



THANK YOU
Q & A