

Growth momentum set to continue

Napic reports encouraging 2023 property market performance with transaction values reaching a record high



PROPERTY

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KAJANG: The Malaysian property market transaction values rose by almost 10% to a record of RM196.83bil in 2023 from the previous year, with its growth momentum expected to continue this year.

The property overhang situation had seen a slight improvement as the numbers continued to decline by 7% and 4% in volume and transaction values, respectively, from 2022.

Moving forward, the Valuation and Property Services Department (VPSD) said

the property market performance is expected to remain cautiously optimistic this year. This is predicated on the healthy gross domestic product growth forecast for this year that's supported by resilient domestic growth prospects.

Accommodative policies, well-executed measures outlined in Budget 2024 and proper implementation of strategies and initiatives under the 12th Malaysia Plan are expected to catalyse further growth in the property sector, the department said.

The number of property transactions last year recorded a positive growth of 2.5% to 399,008 in 2023, compared to 389,107 last year. The statistics were taken from the Property Market Report 2023 published by the National Property Information Centre

(Napic) and VPSD, which is a department under the Finance Ministry.

"The performance of the property market is encouraging with transaction values in 2023 having reached a record, which is an increase of 9.9% from 2022.

"The momentum of the property market will continue to be supported through Budget 2024 measures related to affordable housing and first home financing towards generating a stronger economic performance for the year 2024," said Finance Minister II senator Datuk Seri Amir Hamzah Azizlan.

The positive growth trend is driven by a higher increase in transaction values in all subsectors, namely the residential at 7.1%, commercial 17.5%, industrial 13.1%, agri-

culture 4.6% and development land and others at 13.8%, compared to 2022.

Newly launched residential units also saw an increase of 4.4% to 56,526 units with a better sales performance of 40.4% from 36% in 2022, the department said.

In his speech at the property report launch yesterday, Amir Hamzah also highlighted the reduction in the property overhang.

"The status for the overhang or unsold units have reduced to 26,000 units with a value of RM17.7bil compared with almost 28,000 units valued at RM13.41bil in 2022," he said.

Amir Hamzah also said there will be an

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Higher increase in transaction values in all subsectors

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improvement in the requirements for applicants of the Malaysia My Second Home programme to increase its “flexibility.”

“This will encourage more interest into property transactions in the country that will also attract more tourists and foreign investors into the country,” he said.

This move is expected to help increase investments into the financial markets, of which also includes the national property market, he added.

The government’s present efforts to boost the property sector include the exemption of stamp duty on the transfer of documents for the purchase of a person’s first home up to RM500,000, which will be effective until December 2025.

On another matter, the minister also urged all data suppliers to ensure the data provided to Napic were always accurate and correct.

“Please continue the good working relationship with Napic and the VPSD as the data supplied has a big impact in the future formulation of government policies for the property market.

“I also ask all the others involved, especially the developers, planners or agencies that approve development plans to continue to refer to the data that is being published by Napic, which is accessible through a dedicated portal,” Amir Hanzah said.

Meanwhile, the report said the Malaysian House Price Index stood at 216.5 points or RM467,144 per unit in 2023, with a moderate annual growth of 3.2%.

All major states recorded positive annual growth, led by Johor at 6.2%, Penang at 3.8%, Selangor 2.9% and Kuala Lumpur at 1.8%, the report said.

Meanwhile the performance of shopping complexes witnessed moderate growth in 2023, as the occupancy rate increased slightly to 77.4%.

The available space reduced to four million sq metres, while the availability rate decreased to 22.6%, it said.

Commenting on the property overhang situation, Rahim & Co International Sdn Bhd real estate agency chief executive officer Siva Shanker said he expects the overhang will go down further this year as the market stabilises and improves.

“The biggest cause of overhang units is mainly due to oversupply.”

“A mismatch in location, pricing and developers not meeting the buyer’s demands” are causes of overhang and unsold residential units,” he added.

According to the property market report, the states with the highest rates of residential overhang and unsold units last year were Johor, Kuala Lumpur and Selangor respectively.

Meanwhile, Malaysian Institute of Estate Agents president Tan Kian Ann said the positive reduction in the overhang is a good sign, which shows the vibrancy of the market to be able to absorb the outstanding units in the market.

Tan said the Home Ownership Campaign (HOC) last year showed good progress in the overhang statistics.

“Hopefully the government can consider extending the HOC to further reduce the overhang situation,” Tan told *StarBiz*.

When asked on the property market’s outlook, Siva said the days of phenomenal growth in the property market are over and he expects a slight growth in the property market for 2024.

Siva noted that “organic growth is a good thing. “We want a market that is stable and sustainable in the long run as it will not fluctuate with unpredictable highs and lows.”