

Moderate growth expected

Lower-priced residential segment to see highest sales

PROPERTY

PETALING JAYA: Malaysia's property market, which hit a decade-high record in terms of volume and transaction last year, is set for positive growth but possibly at a slower pace, says Henry Butcher Malaysia.

The number of property transactions rose by 5.4% to 420,545 in 2024, with transaction value climbing 18% to RM232.3bil, up from 399,008 transactions worth RM196.8bil in 2023.

Henry Butcher noted that whilst the overall volume and value of transactions achieved in 2024 may have been the highest recorded in the past decade, it said this "accolade" can largely be attributed to lumpy one-off transactions of high value commercial properties and to a certain extent, industrial properties.

"If the commercial properties that will be transacted in 2025 do not match up in number and value to those transacted in 2024, the statistics for 2025 may not match up to the impressive figures presented for 2024 and there may even be a possibility that a drop in the volume or value could be registered.

"We are nevertheless confident that the property market will continue to enjoy positive growth in 2025 but possibly at a slower pace," it said.

For housing developers, Henry Butcher noted that the volume and value of residential transactions in 2024 have not been spectacular, being only single digit increases.

"In fact, some states including Penang (surprisingly), Perlis, Sabah, Negri

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Henry Butcher Malaysia

Sembilan, Terengganu and Sarawak all recorded a drop in either the volume or value of transactions or both.

"As such, housing developers should analyse and study the residential sub-sector in greater detail to ensure that they plan and execute their projects with the right understanding of the market situation."

The property consultancy also pointed out that whilst the lower priced residential segments are expected to enjoy the best sales take-up rates, it however highlighted that houses priced at RM300,000 and below continued to contribute the largest share of the residential overhang, followed by houses priced between RM300,001 to RM500,000.

"Together these two price segments make up 61% of the residential overhang.

"Some possible reasons for this seeming anomaly could be unsold units reserved under the bumiputra quota; location of the projects are not convenient to those in the lower income group, as well as the lack of urgency to buy houses as some within the targeted low-income groups are satisfied

staying in their current family owned kampung houses."

Henry Butcher also said that some of the targeted buyers in this lower income group may not have the financial means to come up with the downpayment required or have the documentary evidence to support their loan applications to buy the houses.

"The government could perhaps try to identify the real underlying reasons for this surprising situation and then formulate policies and strategies to assist the targeted income groups acquire and own the affordable homes intended and built for them.

"For example, these can be rent to buy schemes, zero-downpayment schemes, improved public transportation and undertaking more indepth market studies, before deciding where and what to build for the targeted lower income groups."

Henry Butcher said some of these strategies have already been implemented by the government in one form or another.

"It would be good to continue them, perhaps with some refinements to make them even more effective."