management strategies, often involving heavily discounted bulk sales or the temporary conversion of stock into rental-only assets.

The affordability challenge is perhaps the most pressing socio-economic issue in the property market. Government schemes like the My First Home Scheme 2025 and specific financial aid for low-income households are crucial stop-gap measures. However, a sustainable solution requires a systemic approach to control construction inflation, simplify regulatory approval processes to reduce developer costs and increase the supply of genuinely affordable, strategically located housing.

Major regulatory shift

Effective Jan 1, 2025, the property market underwent a foundational regulatory change with the mandatory implementation of the RPGT self-assessment system. This single change fundamentally altered the mechanics of property disposal.

Previously, the administrative burden of calculating and submitting RPGT lay primarily with the buyer's solicitor and the Inland Revenue Board (LHDN). Now, the onus is placed entirely on the seller to accurately determine their chargeable gains and ensure timely payment of the tax liability.

Impact and compliance risks

The move aims to enhance tax efficiency and minimise arrears but it introduces several critical implications for stakeholders:

- **Seller responsibility:** Sellers must now fully understand their acquisition costs, disposal price and qualifying expenses (eg renovation and legal fees) to calculate the correct tax. Mistakes or omissions can result in hefty penalties.
- **Professional reliance:** The demand for professional tax agents and lawyers specialising in property tax compliance has surged. The complexity of calculating RPGT—which depends on the ownership period (ranging from five or more years) and the asset type (residential vs commercial)—requires expert guidance to ensure legal compliance.
- **Transaction timelines:** While the process theoretically speeds up the LHDN's internal processing, the initial period of self-assessment implementation has introduced a need for meticulous due diligence on the seller's side, sometimes extending the initial stages of transaction finalisation.

This self-assessment system represents a significant step towards modernising the tax framework, requiring all market participants to operate with greater accountability and transparency.

Infrastructure and budgetary support

The government's strategic commitment to large-scale infrastructure acts as a vital booster for the property market, transforming previously remote areas into lucrative development corridors.

The East Coast Rail Link (ECRL) is the clearest example of a catalytic project. With an impressive 82% completion rate reported as of April 2025, the ECRL is no longer a future prospect but a near-term reality. The project is reshaping the economic landscape of the East Coast states (Kelantan, Terengganu and Pahang) and transforming transit times to the West Coast hubs. The property market, in anticipation, is already seeing speculative investments and increased development planning around future ECRL stations, particularly in the transit-oriented development (TOD) clusters they enable.

Furthermore, the Budget 2025 Initiatives provided specific injections of support:

- **RM3bil for industrial infrastructure:** This allocation for upgrading infrastructure in industrial parks is crucial for attracting high-value manufacturing and logistics, thereby creating job opportunities that, in turn, drive residential demand in surrounding areas.
- **Stamp duty exemptions:** The targeted stamp duty exemptions for SMEs purchasing commercial properties below RM2mil are a direct mechanism to support business expansion and commercial real estate transactions, which have lagged behind the residential segment.

Urban redevelopment and evolving demand

Looking ahead, the market's trajectory is heavily influenced by planned legislative action and fundamental shifts in buyer preferences.

The government's active formulation of a new Urban Redevelopment Act (URA) is potentially the most significant long-term policy move. The URA aims to address the challenge of ageing and dilapidated buildings, particularly within densely populated urban centres like Kuala Lumpur. Currently, consensus requirements (often needing 100% owner approval for demolition/redevelopment) are a major impediment to urban renewal. The proposed URA is expected to lower this threshold, facilitating the much-needed redevelopment of brownfield sites.

However, the URA presents its own set of complexities, including:

- **Consensus mechanism:** Determining the appropriate majority threshold (eg 75% or 80%) that balances development needs with individual property rights. This is perhaps the biggest setback for the URA proposal as it had resulted in much negative feedback.
- **Strata management:** Navigating the intricate legalities and ownership structures of existing strata properties.
- **Compensation framework:** Establishing a fair and transparent compensation model for displaced residents and business owners.

Nevertheless, a successful implementation of the URA will be key to ensuring Kuala Lumpur's competitive edge as a modern, high-density city, provided all the underlying issues are ironed out.

Buyer trends: Smart, green and connected

Contemporary buyers are increasingly sophisticated, with purchasing decisions guided by factors beyond mere location and size.

- **Smart and sustainable homes:** Demand for properties that incorporate Environmental, Social and Governance (ESG) principles is soaring. This includes homes with energy-efficient designs, smart home technology for optimised utility consumption and access to renewable energy sources. Sustainability is rapidly moving from a niche preference to a mainstream expectation.
- **Transit-Oriented Developments (TODs):** The integration of housing, commercial spaces and public transportation hubs continues to command premium pricing. TODs cater to a generation prioritising convenience, reduced commute times and a car-lite lifestyle, making them highly strategic investments.

The Malaysian property market in 2025 is demonstrating a robust, if uneven, maturity. The growth in transaction value signals underlying strength while the continued focus on affordable housing and the strategic roll-out of infrastructure projects like the ECRL provide solid foundations for future expansion. The mandatory RPGT self-assessment and the forthcoming Urban Redevelopment Act underscore the government's commitment to structural reform and a more efficient, transparent market.

As the industry moves into 2026, the key to sustained growth will be the effective navigation of regulatory compliance and the success of the URA in unlocking prime urban land for renewal, ultimately balancing the twin goals of market value growth and genuine housing affordability for all segments of the population.

July
- On July 9, Bank Negara Malaysia cut the Overnight Policy Rate (OPR) by 25 basis points to 2.75%.

September
- Napic figures show that the bulk of unsold completed units shifted to mid-range homes from affordable ones.

November
- In a major year-end announcement, the government confirmed a specific completion timeline for the Johor Bahru-Singapore Rapid Transit System (RTS) Link, officially locking in a late-2026/early-2027 start of operations.
- The StarProperty Awards 2025: Realtor Edition gala dinner saw strong support from agencies, agents and negotiators.

August
- A consortium of housing developers raised concerns over the escalating costs of construction materials (especially steel and cement) and labour shortages.

October
- Budget 2026 was tabled, confirming the government's focus on structural support over short-term stimulus.
- The Malaysia Developer Awards were held for the fourth consecutive year.

December
- Market analysts and major property consultancies released their year-end reports, unanimously forecasting moderate but stable price growth in the 2% to 4% range for 2026.