

# Residential property market to remain stable

## Infrastructure spending to support housing demand

### PROPERTY

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**PETALING JAYA:** The residential property market is expected to record a stable and positive trajectory this year, say property experts.

PPC International Sdn Bhd managing director Datuk Siders Sittampalam said this would be supported by the steady stream of construction jobs, solid demand for residential properties and favourable government incentives.

“We expect the residential market in 2026 to remain stable.

“Growth will be positive, with key drivers being infrastructure-led projects such as the East Coast Rail Line and the Johor Baru-Singapore Rapid Transit System (RTS),” he told *StarBiz*.

Siders said favourable government incentives will spur the residential market this year, adding that developments towards environmental, social and governance-compliant projects will continue to gain traction.

“Buyers will be selective in their purchases. The primary focus will be on integrated townships and good connectivity.”

In terms of location by state, Siders believes that Johor is well positioned to be a “stand-out performer” this year.

“Developments like the RTS and the Johor-Singapore Special Economic Zone will be pull-factors.

“Meanwhile, locations such as the Klang Valley and Penang will also continue to remain active, particularly along the MRT and LRT corridors.”

Siders added that properties in prime locations will, naturally, continue to see strong demand.

According to Knight Frank in its latest Real Estate Highlights report, the residential property sub-sector continued to underpin the overall real estate market in the first nine months of 2025 (9M25), accounting for 61.4% of all property transactions nationwide.

Knight Frank said the residential property sub-sector in the Klang Valley showed signs of weakening in 9M25, with 50,053 transacted units valued at RM 32.3bil.

“This reflects a year-on-year (y-o-y) decline of 4.7% in volume and 1.1% in value.

“Buyers will be selective in their purchases. The primary focus will be on integrated townships and good connectivity.”

Datuk Siders Sittampalam

“The majority of transactions remained within the price range of RM100,000 to RM400,000.

“This highlights sustained demand for affordable housing, particularly in well-located, government-assisted homeownership schemes,” it said.

As of the third quarter of financial year 2025, Knight Frank said a total of 87,391 high-rise residential units were launched in Klang Valley – a 5.4% increase from 82,949 units a year earlier.

“During the review period, the overhang situation declined by about 6.1% y-o-y to 12,097 units.

“The high-rise residential overhang in the Klang Valley remains concentrated within the mid-priced segment, particularly units priced between RM500,000 and RM600,000, alongside a notable share in the “RM1mil and above category”.

Overall, Siders said there has been a decline in overhang levels since 2024, especially for locations in Penang, Johor, Kuala Lumpur and Selangor.

“We believe this is because properties are being offered at more realistic prices and (also) due to aggressive sales campaigns by developers.”

Additionally, Siders forecasts the local residential market to see “stable, marginal growth” in 2026, both in terms of volume and value.

“With the economy performing better and the ringgit improving, we see an uptick in the residential property market this year.

“Despite the dip in oil prices recently, we don’t think it will have a detrimental impact on the economy,” he said.

Still, Siders believes that the increase in the stamp duty rate for residential property transfers to foreign individuals will have an impact.

“We may see a decline in transactions involving foreigners this year,” he said.

Effective Jan 1, 2026, Malaysia increased the stamp duty rate for residential proper-

ty transfers to foreign individuals (excluding permanent residents) and foreign companies to 8% from 4% previously.

Meanwhile, Savills Malaysia Group executive director Marcus Chia believes that the proposed Urban Renewal Act (URA) will help revitalise ageing urban areas by potentially lowering consent thresholds to 80%.

Chia said he sees this as a key tool for unlocking value through redevelopment, which can increase land prices and provide financial incentives for property owners.

However, Chia is concerned about risks such as speculative “flipping”, where investors prioritise short-term profits over genuine community renewal.

“Even if original residents receive replacement units, they might choose to “cash out”, which could weaken community preservation efforts.

“Additionally, the economic viability of redeveloping lower-value areas is influenced by high construction costs and uncertain market returns.

“While the URA seeks to align Malaysia with global best practices, it’s essential to implement safeguards to prevent gentrification and support socially equitable redevelopment.”

Currently, a strata development can only be sold “en bloc” or as a whole if there is 100% agreement from the owners.

Furthermore, the URA, when it comes into effect, intends to reduce the resident-consent threshold for en bloc sales to below 100%.

Meanwhile, Knight Frank said the residential market will remain anchored by the affordable housing segment, where government-assisted ownership schemes continue to support the largest share of transactions, especially within the RM100,000 to RM400,000 price range.

“This reinforces that affordability remains the core driver of market demand across Klang Valley.”