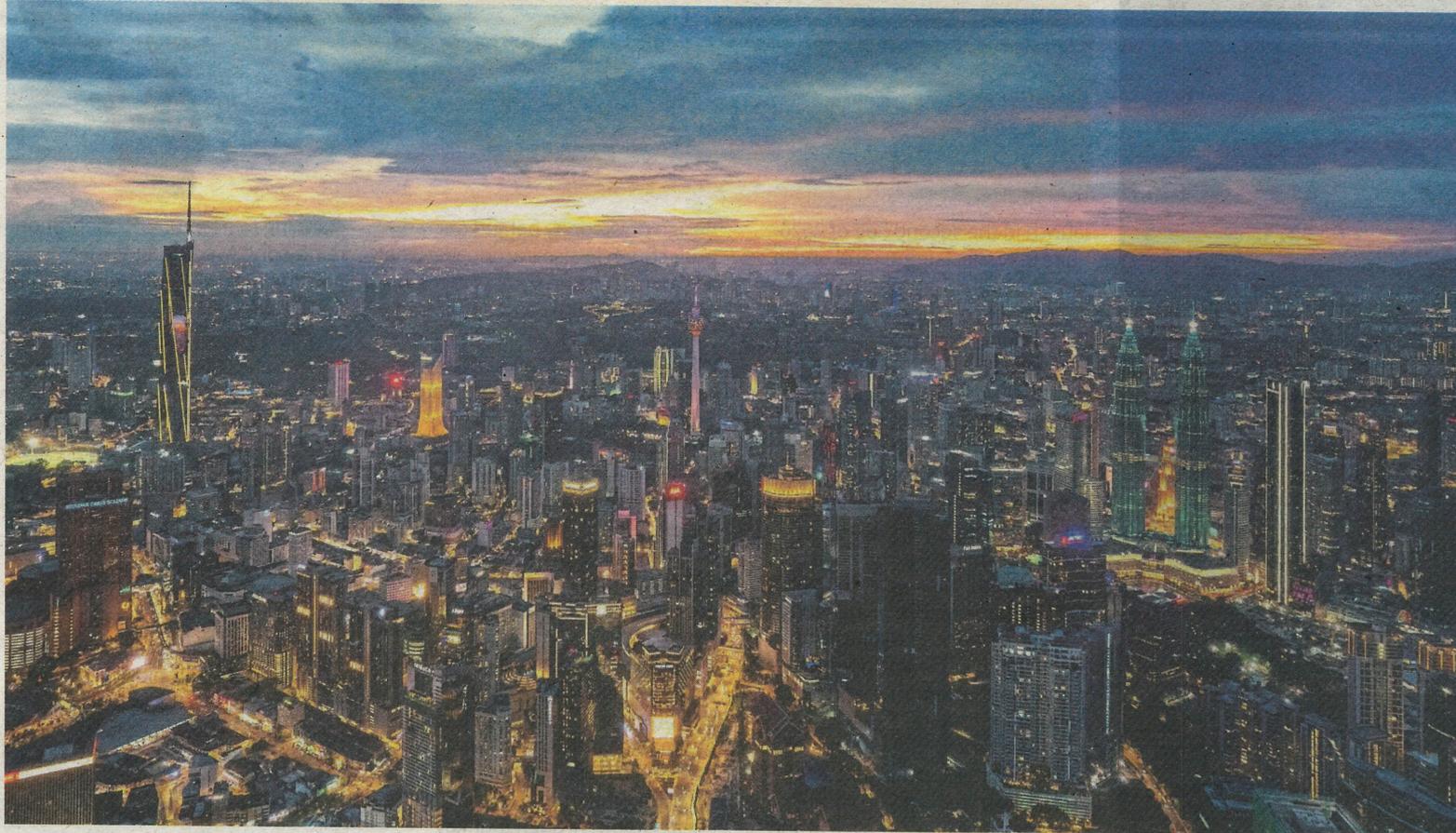


# From resilience to sustainability

Malaysia's property market has transitioned beyond the recovery phase



Malaysia's real estate market is now pivoting toward a phase of deliberate and sustainable growth.

By JOSEPH WONG

josephwong@thestar.com.my

Malaysia's real estate industry is officially transitioning from its post-pandemic recovery phase into a period of measured, sustainable growth. According to Rahim & Co Research Sdn Bhd's Property Market Review 2025/2026, the sector is now underpinned by disciplined supply, stable economic fundamentals and

a shift in buyer preferences toward high-quality, long-term value.

Despite a challenging global environment, Malaysia's economy maintained a positive trajectory in 2025, with GDP growth accelerating to 5.2% in the third quarter. This stability, supported by a robust labour market and surging investments in high-value sectors like data centres and renewable energy, has anchored property market confidence.

While transaction volumes

softened slightly by 2.1% in the first nine months of 2025, transaction values rose by 5.6% to RM172.06bil. This divergence signals a sophisticated market recalibration as buyers are increasingly prioritising quality assets, connectivity and liveability over speculative gains. Regionally, growth has become more decentralised, with Johor, Kedah, and Melaka recording decade-high transaction levels fueled by infrastructure expansion and industrial spillovers.

## Residential discipline and commercial polarisation

The residential sector remains the market's largest component but has entered a period of relative price stability. The House Price Index recorded only a marginal 0.1% year-on-year increase in the third quarter of 2025.

Significantly, developers have adopted a more disciplined approach. Notably, new residential

launches fell by 31.8% to 24,913 units. This cautious stance focuses on absorption rates and product-market fit, effectively reducing the risk of future oversupply. However, the overhang remains a challenge, with unsold completed residential stock totalling 49,428 units, primarily concentrated in high-rise and serviced apartment segments.

In the commercial space, performance is polarised. Retail properties are benefiting from a tourism rebound, with prime malls maintaining occupancy above 90%. Conversely, the office sector continues to grapple with structural oversupply, though flight to quality remains a dominant trend as tenants seek newer, ESG-compliant buildings in transit-oriented locations.

Industrial property continues to be the market's standout performer. Supported by the New Industrial Master Plan and RM285.2bil in approved investments (MIDA), demand remains aggressive for logistics facilities, smart industrial parks, and data centres. ESG standards and digital readiness are no longer optional but are now strategic enablers of this sector's growth.

Looking toward 2026, Rahim & Co forecasts a positive but moderate outlook. Growth will be driven by qualitative improvements rather than sheer volume. With the Johor-Singapore Special Economic Zone (JS-SEZ), major infrastructure projects, and Visit Malaysia 2026 providing tailwinds, the property market is positioned on a firmer, more balanced footing for the years ahead.

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## Strategic takeaways

“ From our past promotional cycles, we observed that buyers are increasingly price-sensitive and highly selective, with a growing preference for well-integrated and mixed-use developments that offer both lifestyle and commercial opportunities. Sales conversions have been strongest in developments that combine convenience, connectivity and a thoughtfully curated product mix.

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- IJM Land Bhd

“ We have also observed that focused, well-segmented campaigns deliver better-quality conversions, particularly when aligned with supportive policy measures. In this regard, we remain hopeful that initiatives such as the Home Ownership Campaign (HOC) will be reintroduced, as they have historically played a meaningful role in improving affordability and buyer confidence.”

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- Mah Sing Group Bhd

“ In line with our mission to transform Tropicana into a future-ready group focused on sustainable growth, we have prioritised strengthening our core property segment through an asset-light model, leveraging our development expertise, distinctive development DNA and strong ESG (environmental, social and governance) commitments.”

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- Tropicana Corporation Bhd

“ Our past campaigns indicate that buyers are increasingly discerning, placing greater emphasis on fundamentals such as location, master planning, layout efficiency, build quality and long-term value rather than short-term promotional mechanics. Developments that clearly articulate a strong value proposition, supported by well-considered lifestyle features and integrated community amenities, consistently deliver stronger engagement and conversion.”

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- Ayer Holdings Bhd

“ Looking at past promotional cycles, we found that conversion was strongest when promotions were targeted, value-led and aligned to buyers' decision stages, rather than driven by broad discounting. This was evident in initiatives such as the move-in-ready homes campaign for The Atera in Petaling Jaya and Uptown Residences 2, Berkeley Uptown in Klang, where the offerings addressed buyers' needs and delivered strong take-up rates.”

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- Paramount Corporation Bhd

“ Our experience over the years has reinforced the importance of staying true to our niche. Bon Estates has consistently focused on large-format, family-oriented homes designed for own-stay buyers, whether for growing families or those right-sizing their living spaces. We have learned that our buyers are discerning and well-informed; they value thoughtful design, lifestyle functionality, attainable luxury and prime locations. As a result, our strategy for 2026 continues to prioritise quality over quantity, delivering well-crafted homes that meet real lifestyle needs, rather than chasing trends.”

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- Bon Estates