

Johor drives property momentum

Experts call for balanced demand and supply this year as state leads the way in investment inflows and infrastructure development

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PROPERTY

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PETALING JAYA: Johor has shown encouraging growth within the property market in recent years, but there are concerns of over-speculation in the state.

This is especially along the Rapid Transit System (RTS) and Johor-Singapore Special Economic Zone (JS-SEZ) corridor, which has seen rapid development, but how much that will spill over to the rest of the state remains uncertain.

"This is actually a bit speculative in those areas," Sulaiman Saheh, director of research at Rahim & Co Research International Property Consultants, told reporters on the sidelines of Rahim & Co's property market review 2025/2026 briefing yesterday.

According to Rahim & Co, Johor has emerged as one of the strongest-performing states in both property transaction volumes and value.

Sulaiman pointed out that Johor's performance was supported by continued investment inflows and infrastructure development, including the anticipated impact of the Johor Baru-Singapore RTS.

Johor's residential market recorded a 12.9% increase in transaction volume and a 9.3% rise in value during the first six months of 2025. The state saw 21,061 residential transactions valued at RM9.86bil, averaging RM467,955 per transaction.

Johor's industrial sector posted a 12.3% increase in transaction volume to RM3.63bil while transaction volume remained relatively stable at 732 transactions.

On that note, he believes that while renewed investor interest in Johor is positive for the state, there should be clearer and more proactive government promo-

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"We appreciate the rejuvenated interest in Johor. The JS-SEZ, through its incentives, provides a good starting point and good comparative advantage against other regions," he said.

Sulaiman suggested allowing better tax incentives to retain and return talent, policies that promote an investor friendly environment, and enhancing the labour market capacity.

"This protects the interests of Malaysian buyers, and promotes the national agenda, encouraging inclusive growth for everyone to enjoy," he added.

As Malaysia's property market enters into a sustainable growth phase, Sulaiman weighed in on the importance of monitoring actual demand against property supply, to avoid past boom-era mistakes.

He added that in the past, aggressive growth was fuelled by an oversupply of new approvals and new launches.

"We saw that when the market was actually booming, there were a lot of approvals given, a lot of intensity in terms of launching new units, where the supply growth was a little detached from demand growth," he explained.

Sulaiman highlighted buyers still face challenges when it comes to securing loan approvals.

"We need to look at the market individu-

ally because there are a lot of individuals who are not earning a fixed salary but constitute gig workers, who are actually making a lot of leeway.

"In the past, we had seen informal traders making substantial earnings. This will be regulated through e-invoicing, to mitigate sustainability of those income being reported.

"Measures implemented by Bank Negara Malaysia, including responsible financing guidelines, must continue to be observed. We want to avoid a situation where the market balloons uncontrollably," Sulaiman said.

He noted that household income is improving, in line with the growing digitised generation or Gen Z.

"In the Malaysian market, the median age is 31.3 years from 2025. The family institution, be it households, is maturing which means we have more families within urban centres," Sulaiman told *StarBiz*.

He reiterated this emerging market emulates a very cautious buying power, and has not begun spending yet. He said this generation is more inclined towards rental housing (including rent-to-own schemes), stock market investments, overseas employment and eventual repatriation to Malaysia.

Sulaiman noted that as Malaysians' borrowing capacity improves, household income will naturally follow but rising liv-

ing costs will continue to also pose challenges for buyers securing loans.

On the affordable housing segment, Sulaiman observed that growth has moderated, in line with the stabilisation of house prices over the past two years.

"That has actually decreased, meaning that developers are now injecting more units, with a greater proportion of units within the higher band of about RM500,000 to RM1mil per unit.

"The affordable housing segment is still a very important and concerning issue for the market and all Malaysians," he added.

He said the majority of demand for the residential segment constituted owner-occupiers, with strong preference for affordable housing, transit-oriented developments and lifestyle-integrated townships.

Meanwhile, the industrial sector remained the standout performer in 2025, with increased emphasis on economic, social and governance standards, automation and digital readiness.

The wave of digital tech forced adoption during the Covid-19 era proved to have a major positive impact.

Sulaiman highlighted that developers are expected to come up with better modelling or forecasting for their products. The data centre boom has also contributed to market elevation, representing one of the biggest recipients in the real estate sector.

According to the Real Estate and Housing Developers' Association, Malaysian house prices are expected to rise by 1% to 2% in 2026. Rahim & Co explained this growth moderation is a correction towards a normalising of events after four years of sharp growth.

Rahim & Co projected the property sector to grow at a moderate pace in 2026 as a recalibration towards new equilibrium, with growth driven less by volume and more by qualitative improvements in assets, sustainability, and end-user alignment.