

By EUGENE MAHALINGAM
eugenicz@thestar.com.my

PETALING JAYA: The Malaysian property market, which posted record transaction values worth RM241.9bil in 2025, is expected to continue a positive growth trajectory this year.

According to the Valuation and Property Services Department (JPPH), year-on-year, the transaction value increased by 4.1% to RM241.87bil, while the number of transactions decreased by 1% to 416,413 compared to 2024.

Rahim & Co International Sdn Bhd director of real estate agency, Siva Shanker, said the 1% decrease in transactions was not something to be concerned about.

“The overall market performance in 2025 was within expectations. However, the 1% decline in transactions can be regarded as a tiny drop or flat growth. Either way, it doesn’t make a difference.

“Yes, there was no growth, but we didn’t see a significant contraction either. That is alright, as the property market witnessed four good years of growth,” he told *StarBiz*.

Siva said it would be unrealistic to expect the property market to “keep going up” every single year.

“What goes up, must come down. To expect it to keep going up is not tenable.

“Even with a 1% decrease, the market is still considered stable.

“Domestic demand is still strong and the economy is doing well.”

Commenting on the 4.1% growth in transaction value last year, Siva surmises that this could be due to a higher number of big-ticket items being transacted in 2025.

“Since Covid, transactions of up to RM800mil or even higher have become commonplace.

“Landbanking is also back again, with many developers willing to invest in new long-term projects.”

Going into 2026, Siva projects “a decent year” for the property market.

Sophisticated, matured phase

“It will either be flattish or there will be a small uptick. The market has entered a sophisticated, matured phase, where any drop would be minimal – but the same thing would also apply if there was growth.

“The waves (the-up-and-down growth movements) will be small, but it means that the market is more stable and predictable, which is a good thing.”

Barring unforeseen circumstances like a black swan event (an unpredictable event that is beyond what is normally expected and has potentially severe consequences),

Property sector’s expansion phase intact

Developers investing in new long-term projects



“Green premiums and brown discounts will no longer be niche concepts in 2026. Buildings without strong ESG credentials will face devaluation.”

Samuel Tan

Siva remains optimistic for 2026.

“There have been talks of a potential general election, but it is still early days. If it’s this year, then there would be a tendency for the market to get a little jittery and experience a slight slowdown.

“However, if elections are only in 2027, then we should see a decent 2026.”

Meanwhile, Olive Tree Property Consultants founder and chief executive officer Samuel Tan said 2026 can be viewed as the start of a new cycle, adding that “it will feel different from past recoveries”.

Inflection point

“The inflection point is expected to be in the second half of 2026. We anticipate that central banks would begin gradual rate cuts in late 2025 or early 2026.

“This means that by the third or fourth quarter of 2026, the discount rates used in valuations may finally decrease, potentially lifting capital values if rental income holds steady.”

Tan said he expects a strong rebound in values for prime commercial and residential assets.

“Capital will chase quality,” he said.

For secondary assets, however, Tan believes that the outlook remains challenging.

“These assets may not see value recovery until 2027 or later.”

Additionally, Tan said “green premiums” and “brown discounts” will no longer be niche concepts in 2026.

“They will be standard inputs in valuation models.

“Buildings without strong environmental, social and governance (ESG) credentials will face devaluation,” he said.

Green premiums refer to a higher valuation or lower cost of capital enjoyed by assets perceived as environmentally sustainable.

Meanwhile, brown discounts represent the lower valuations, higher borrowing costs, or constrained investor interest faced by companies involved in fossil fuels, heavy pollution, or lacking ESG compliance.

Rental growth to lag inflation

Additionally, Tan said rental growth in many sectors will lag behind inflation in 2026, as affordability remains a key constraint for tenants.

“Data from late 2025 will likely reflect the ‘flight to quality’ trend.

“If it points to a secondary or tertiary market asset, it may represent the ‘bottom-fishing’ or distressed pricing that characterised the end of 2025.”

According to JPPH, the Malaysian House Price Index recorded a moderate annual growth of 2.6% at 233.1 points with an

average house price of RM502,922 per unit.

All states experienced positive annual growth between 0.8% and 6.9%. By type, terraced houses led the increase by 3.3%, followed by semi-detached houses at 2.8%, detached houses at 2.4%, and high-rises at 0.6%.

The residential new launches segment showed moderate performance, declining by 14.9% to 64,487 units, with a sales performance rate of 35.5% compared to 2024.

Meanwhile, the performance of unsold completed residential units recorded an upward momentum. Unsold completed residential units recorded over 30,000 units valued at RM17.73bil, an increase of over 30% and 27% in volume and value, respectively, from the previous quarter.

The unsold completed serviced apartment segment showed better performance momentum, with a decrease of 4.2% and 1.7% in volume and value, respectively, to 18,752 units valued at RM15.42bil, compared to 19,564 units valued at RM15.7bil in the third quarter of 2025.

In the commercial segment, the occupancy performance of privately-owned purpose-built office and shopping complexes showed positive improvements, at 71.9% and 78.9%, respectively.

Resilient growth

On the outlook for 2026, JPPH said in a statement that the growth trajectory of the property market is expected to remain resilient, with a “cautious approach”.

“This growth aligns with the national economy, which is projected to expand by 4% to 4.5%, considering challenges in the global economy, domestic demand uncertainties and unpredictable external risks.”

Last month, Housing and Local Government Minister Nga Kor Ming said Malaysia’s property market is anticipated to grow at a steady pace, with total transaction value expected to exceed RM250bil this year.

He noted that total transaction value in Malaysia’s property market has been climbing steadily, from RM196.8bil in 2023 to RM232.3bil in 2024 (and now, surpassing the RM240bil-mark in 2025).