More dynamic housing policy framework needed

Supply-demand mismatch likely without regular reviews

PROPERTY

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PETALING JAYA: Middle-income (M40) households have fallen behind the bottom 40% (B40) in homeownership for the first time, underscoring the need for a more dynamic, data-driven housing policy framework, according to a new study by the Real Estate and Housing Developers' Association (Rehda) Institute.

Ahead of the report's official launch on July 28, 2026, Rehda Institute unveiled a preview of its latest publication, *Housing for All: Co-Creating a Needs-Driven Framework*, which provides an in-depth examination of Malaysia's housing ecosystem.

It attributed the shift to the growing reliance on cross-subsidisation from price-controlled housing requirements, which has unintentionally raised the cost of open-market homes.

"Without regular policy reviews, the study warns that rigid housing requirements risk perpetuating supply-demand mismatches, constraining market efficiency and undermining the long-term effectiveness of Malaysia's housing policies," Rehda Institute noted in a statement.

Director of research and education of Rehda Institute, Malathi Thevendran, told *StarBiz* that cross-subsidisation particularly becomes counterproductive when the selling price of regulated or affordable homes is set well below the actual development cost, including land, construction and compliance costs.

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>
> Malathi Thevendran

This results in developers raising the prices of open-market homes to recover their losses. "In some cases, developers are still required to build homes priced as low as RM42,000, even though construction costs today are substantially higher," she explained.

"Rehda Institute's previous research illustrated that a price-controlled unit sold at RM300,000 could add approximately RM50,000, or 13%, to the price of an open-market unit.

"At that point, a policy intended to improve affordability for one group would make housing less affordable for another."

Malathi highlighted that affordability appears as the strongest link to the declining M40 homeownership shift.

Rehda Institute's latest study also noted the biggest group of households earn RM3,000 to RM4,999 a month, indicative of an "affordable" house price range of about RM200,000 to RM300,000.

In a survey conducted by Universiti Malaya in Selangor, around 85% of respondents intending to purchase a home identified high property prices as a major challenge. While some younger households value the flexibility of renting, this preference is often influenced by affordability pressures, debt concerns and uncertainty over long-term financial commitments.

Despite these challenges, the aspiration for homeownership remains strong.

The report found that 72% of survey respondents still aspire to own a home, despite significant barriers including affordability, financing constraints and limited awareness of housing assistance programmes.

"The problem is rather that homeownership has become increasingly difficult to attain, forcing many to delay their purchase," Malathi said.

Malathi, however, stopped short of describing the trend as a structural shift, noting that the M40's homeownership rate of 75.9% remains only marginally below the B40's 76.3%, based on the Statistics Department's data.

"We should not dismiss it as a temporary anomaly either," she cautioned.

The study highlighted the need for a coordinated approach to housing affordability, calling on financial institutions to work alongside the government and developers to improve access to homeownership.