

Malaysia's property market showing signs of bottoming out

Rays of hope in the housing market

23 July 2019, Malaysia – Knight Frank Malaysia launches the latest research report, Real Estate Highlights 1st Half of 2019 today which highlights the property trends and outlook in key markets of Malaysia.

Sarkunan Subramaniam, Managing Director of Knight Frank Malaysia, says, "Malaysia's property market is poised to gather further momentum moving into the second half of 2019 as the market is firing various cylinders."

In the residential segment, the extended National Home Ownership Campaign will continue stir interests amongst homebuyers while providing an opportunity for developers to clear existing stock. The first half of the year also saw the launches of a few high-end condominium / serviced apartment projects on pockets of land in Kuala Lumpur City.

As for the retail sector, while consumer sentiments remain subdued, retail sales remain in the expansionary territory. Operators of existing shopping malls need to continuously review their trade and tenant mix to ensure that they remain attractive and cater to consumers within their trade areas while retailers must innovate and refresh their stores by embracing technology for improved in-store experiences in the diluted retail market. More retailers are also seen to venture into e-commerce with leading e-wallet companies as the country moves towards a cashless society.

In Sabah, the hospitality industry witnessed some fascinating growth and breakthrough as of first half of 2019 with the Ministry focusing its efforts in promoting the east coast of Sabah as a key tourism destination and with new hotel chain brands such as Hyatt Centric and AVANI Hotels and Resorts making their debut.

Residential Market

One of the most impactful events during the review period was the launch of the National Home Ownership Campaign 2019 (HOC 2019). The campaign, a collaboration between the Ministry and Housing and Local Government (KPKT) and the Real Estate and Housing Developers' Association Malaysia (Rehda), was initiated to increase home ownership among Malaysians and also to address the property overhang situation.

Sarkunan adds, "We may finally be seeing rays of hope in the housing market. The HOC 2019 campaign, which has been extended till 31 December 2019 is expected to provide further traction to the housing market, including the high-end condominium / serviced apartment segment. Many developers are participating in the HOC as it presents a good opportunity for them to clear their existing inventories is positive for the residential market."

Commercial Market

Looming supply and weak absorption continue to impact the Klang Valley office market although rental and occupancy levels are seen to be holding firm in KL Fringe and Selangor. The availability of good grade office supply at competitive rentals and the expanding public rail transit lines have boosted the popularity of decentralised office locations.

Keith Ooi, Executive Director of Valuation & Advisory at Knight Frank Malaysia, says, “In this tenant-led office market, landlords need to be realistic on their rental expectations although the growing co-working / shared services segment provides a small window of opportunity for letting.

“Retail sales growth have improved although consumers remain prudent in their spending amid rising cost of living and slower income growth. Mall operators are allocating a higher percentage of their leasable space for experiential retail purpose while more retailers are integrating their digital and brick-and-mortar outlets in line with rapid changes in the retail trends and consumer behaviour.

“Despite heightened competition in the retail market, prime malls continue to enjoy high occupancies with most garnering single-digit growth in terms of rental reversion.”

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To download the report, please visit: <https://bit.ly/2LCpUdk>

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Notes to Editors

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