

# Asia-Pacific Residential Review

H2 2019

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## HEADLINES

**67%**

OF CITIES MONITORED RECORDED POSITIVE ANNUAL PRICE GROWTH IN H2 2019

**Low Rates**

GROWTH DRIVEN MAINLY BY INTEREST RATES CUTS AND LOWER BORROWING COSTS

**Australia**

SUPPORTIVE ENVIRONMENT AND EASING CHALLENGES LEAD RECOVERY

**Stable**

DESPITE EXPECTED TOUGH OPERATING ENVIRONMENT NEXT YEAR, PRICES EXPECTED TO REMAIN STABLE IN 2020.

## Prices hold ground despite market turbulence

2019 provided the Asia-Pacific residential markets a tough operating environment given the global macro-economic uncertainty, but this was balanced by falling interest rates and policies aimed at supporting the affordable market. Among the 27 regional residential indices tracked by this report, 67% or two thirds reported positive annual price growth in the second half of 2019.

## East Asia

**Seoul** has over the past several years witnessed rapid residential price growth, especially in the prime segment, which led to the latest introduction of cooling measures which caps prices on pre-sale projects in several of Seoul's districts. This has created an air of uncertainty on sentiment with housing price growth slowing to 0.7% year-on-year in Q3 2019, down from the 2.1% rise recorded six months prior. With this overhang expected to persist in 2020, we expect prices to record limited growth in the coming year.

Despite the ongoing social unrest, **Hong Kong's** housing prices within the financial hub have remained relatively resilient over the past six months mainly supported by low interest rates and the government's recent relaxation of

mortgage caps for first-time buyers. Most notable was the New Territories sub-market which recorded a 13.8% year-on-year growth as at the end of November, which was an improvement from the -0.5% decline seen six months prior. However, this slight market reprieve is expected to only be temporary when compared against the backdrop of the economic recession and continued social unrest, our expectations are for a -5 to -10% decline in prices in 2020.

## Southeast Asia

**Kuala Lumpur's** residential market corrected -2.9% year-on-year in H2 2019 compared to -1.2% six months prior. However, with the government actively supporting the residential market such as the recent reduction of the foreign buyer price threshold from RM1 million to RM600,000 for unsold high-rise units in urban areas and shifting of the RPGT base year to stimulate the secondary market; we believe Kuala Lumpur's residential sector has bottomed and we could see a slow recovery within this coming year.

Residential prices in **Jakarta** continues to steadily improve with prices rising 1.4% year-on-year in Q3 2019, slightly slower compared to the 2.0% rise witnessed six months prior. Nonetheless, our expectations are for the market to record a firmer recovery in 2020 as pent up demand is released post the 2019



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ASIA-PACIFIC

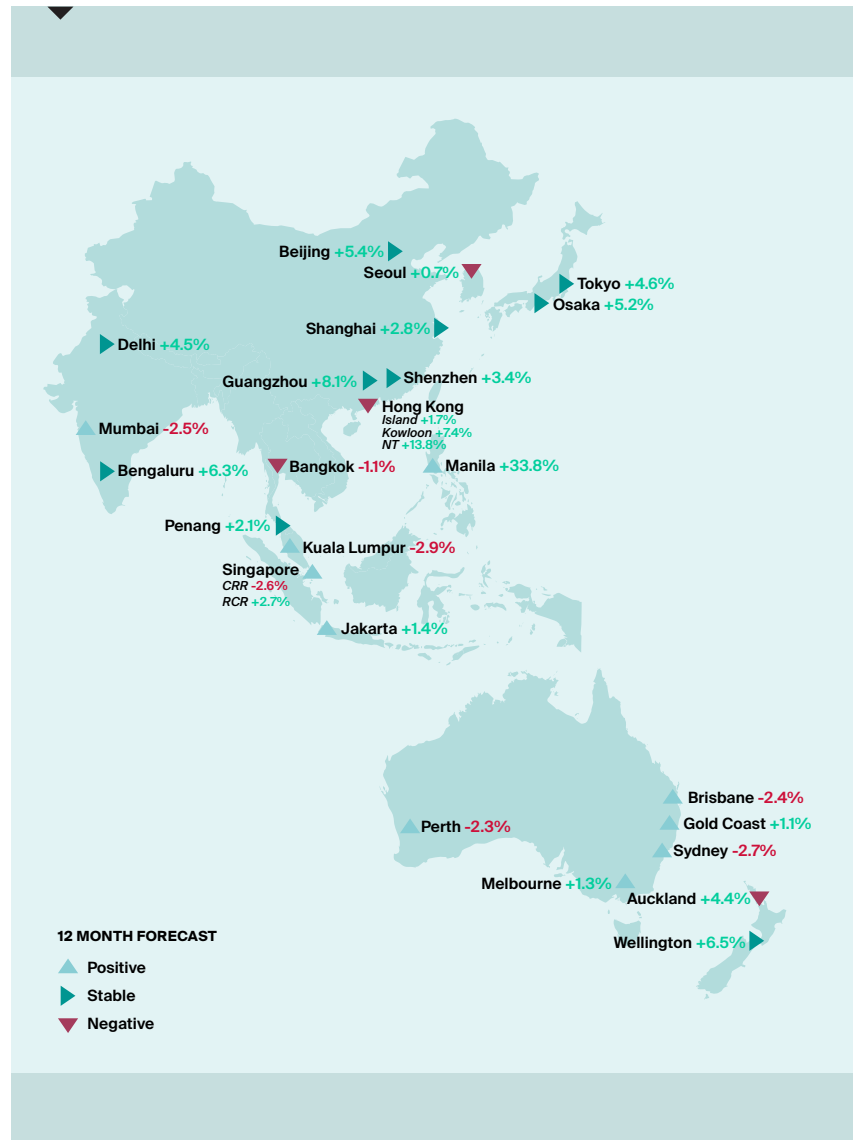
"The events in the first half of January alone suggest that 2020 will be characterised by more uncertainty. Challenging socio-political conditions show no signs of abating, and we expect this to weigh on residential markets across the region. However, low-interest rates may prove to be an effective counterweight, balancing out uncertainty and keeping prices stable in mainstream residential markets in the coming year."

elections led by the low to mid segment. Furthermore, transport-oriented developments are expected to outperform following the completion of the first phase of the MRT as the market experiences the benefits of being near good transport networks

## Australasia

Australia's residential market is on the cusp of a more sustained recovery boosted by an easing credit environment, historically low interest rates which are predicted to go even lower this year and the recently launched federal First Home Buyers Deposit Scheme. Prices across the major cities have recovered significantly over the past six months, most notable being **Sydney** and **Melbourne** which recorded price changes of -2.7% and 1.3% year-on-year growth in Q3 2019, a marked improvement compared to the -9.9% declines witnessed six months prior. Heading into 2020, market sentiment is expected to firm further as the challenges facing the residential market start to ease.

**RESIDENTIAL PRICE CHANGE (YoY%)**  
Source: Knight Frank Research, Macrobond



We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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