



# Local market outlook

> Property market overview in Klang Valley, Penang, Iskandar Malaysia, Sabah and Sarawak

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**A**CCORDING to the CBRE / WTW 2017 Real Estate Market Outlook report, the property market dipped further in Q3 2016. It revealed that transaction activity dropped; agricultural land remained the second most active, after residential properties; the commercial sector fell to third place; followed by development land. City wise, Selangor made it as the most active, followed by Johor. Additionally, the National Property Information Centre (Napic) reported that 57% of residential property transactions in Q3 2016

were priced below RM250,000 while 43% were recorded between RM250,001 and RM1 million.

Here is the gist of the property scene in major sectors across Malaysia.

### KLANG VALLEY

On the whole, the 2016 property market performance was reported as “subdued”. No signs of improvement is forecast for 2017. With new supply of various property types that include offices, retail, hotels and condominiums nearing completion in significant quantities within the next year, in

contrast to the slowdown in economic growth, there are concerns of a large market supply situation across property sectors.

However, as travelling becomes more affordable and the momentum picks up on tourist arrivals, the market sentiments remain buoyant. Moreover, 2017 expects to see landed residential prices stabilising with minimal growth and more new developments within the “affordable” housing category.

A press conference by JLL recently also hinted on InvestKL’s plans to attract multi-national corporations and foreign companies to invest in Kuala Lumpur’s appealing office market – especially looking at the exciting infrastructure developments that will be opening up new areas in and around KL.

Similarly, in the industrial sector, there is keen interest reported from foreign investors for our local industrial projects, especially our industrial parks.

This has led developers to take notice of the stable industrial property demand, which will consequently lead to employment opportunities and spin-off to more housing and commercial



Johor

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property demand.

### PENANG

Likewise, the property market in Penang last year was also reported to be subdued. Overall, market activity showed a downtrend compared to that in 2015. According to Napic’s report, property transactions dropped across residential, commercial and industrial sectors, but in terms of value, the industrial sector recorded a hike. Reasons for the glum market – high loan application rejections, smaller growth in

income, rising living costs, dampened business and consumer sentiments after the announcement of Budget 2017, the depreciation of the ringgit against major currencies and other global political occurrences.

However, the market slowdown was not applicable across the board as landed property in prime locations maintained, and some, appreciated marginally in value. For major events involving land and property developments in Penang for 2016, refer to the CBRE/WTW Real Estate Market Outlook 2017 report.

Projects and proposals that may aid in a more positive outlook in 2017 include:

- ▶ more affordable housing developments priced at RM300,000 and below;
- ▶ a memorandum of understanding was signed for urban renewal works (which preserve heritage values) that will take place in four areas around Butterworth; and
- ▶ the “Gurney Wharf” master plan.

### JOHOR

Iskandar Malaysia’s comprehensive development plan is already in its second half of its 20-year framework



Penang

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Klang Valley

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