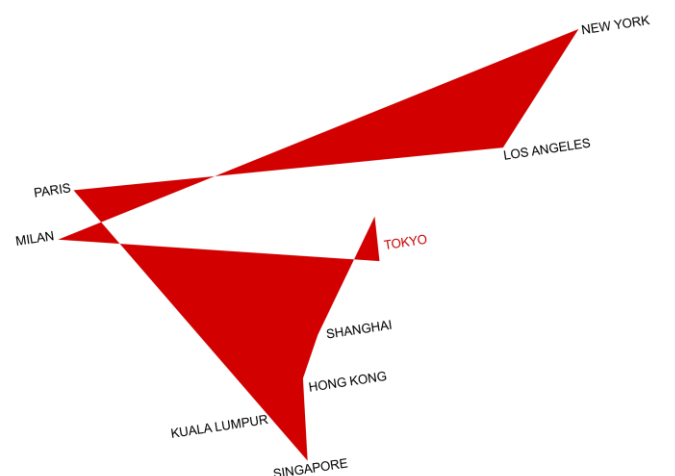




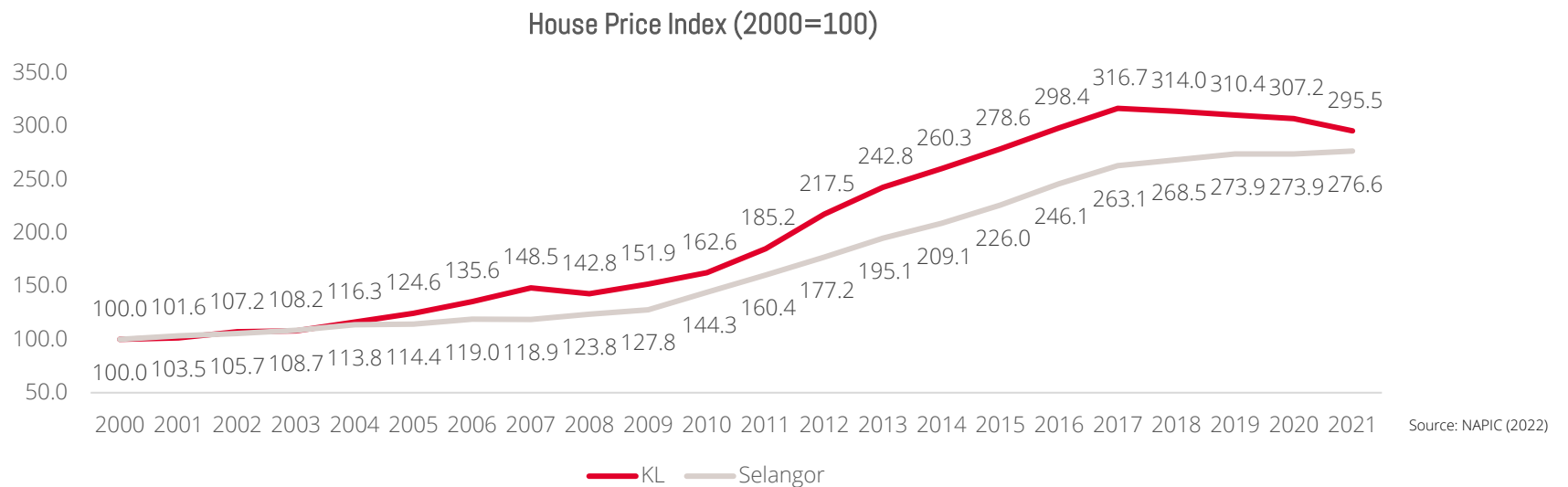
# GREATER KUALA LUMPUR RESIDENTIAL INSIGHT

JUN 2022



## Greater Kuala Lumpur (KL)

From herein defined as Kuala Lumpur and the state of Selangor, excluding Putrajaya, the administrative state of Malaysia.



### House Price

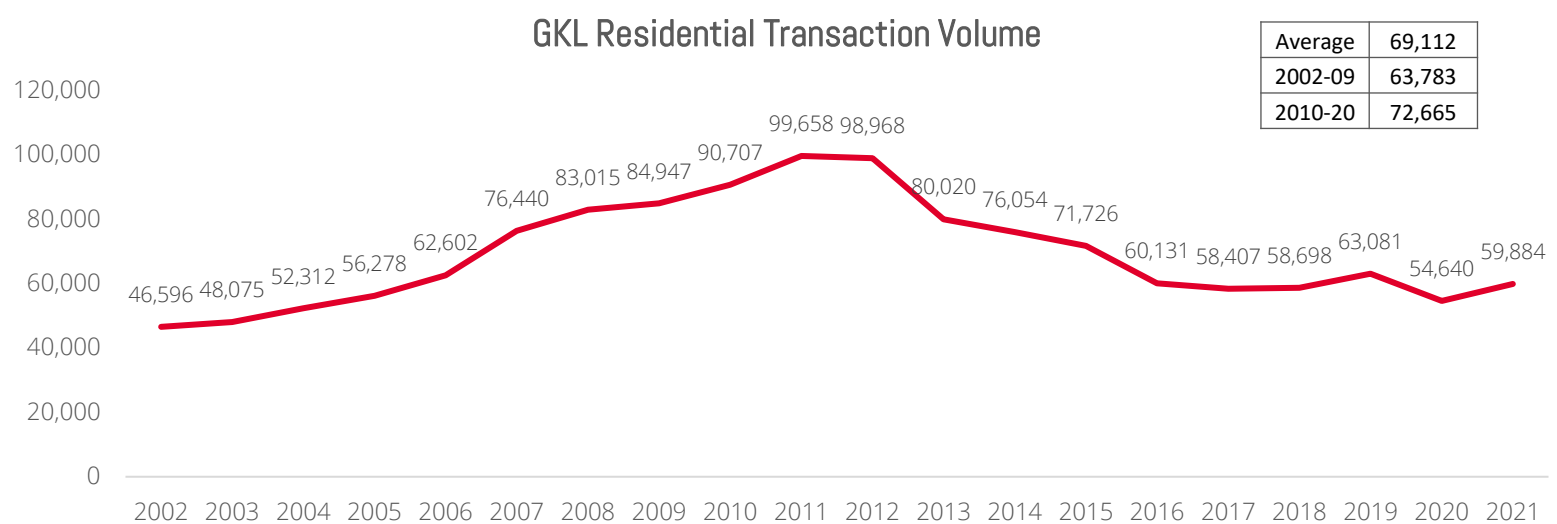
House prices in Greater KL has been rising steadily since the beginning of the millennium. House prices in KL grew by:

- 5.3% p.a. from 2000 to 2021 (21 years)
- 2.3% p.a. from 2011 to 2021 (10 years)

Whereas in Selangor, house price grew by

- 5.0% p.a. from 2000 to 2021 (21 years)
- 2.6% p.a. from 2011 to 2021 (10 years)

It can be observed that, while house prices grew by a decent 5% p.a. for the last 21 years, the growth in last decade has slowed significantly. In fact, house prices in KL has come down from its peak in 2017 and has since been gradually reducing.

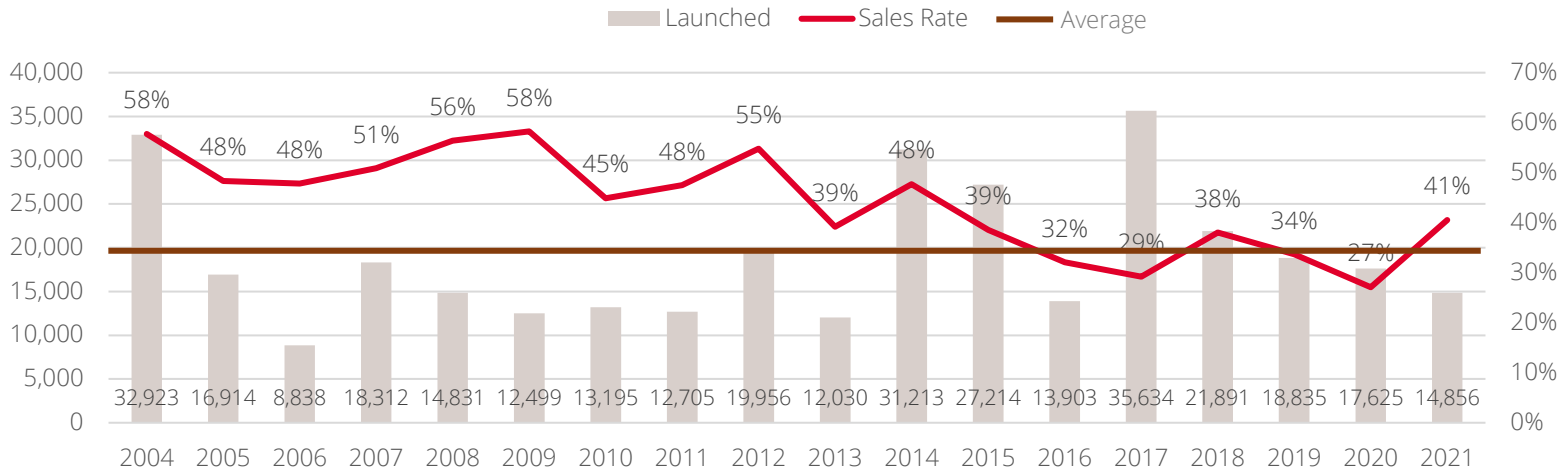


### Residential Transaction Volume

Number of transactions include both primary and subsale market, only accounted for residential properties. As seen, property market has been growing since 2002 up till 2011, where the government has started cooling the property market. The property market has normalised closer to its pre-2008 bull run average of 60,000 units per year since 2015. In the last 20 years, the average number of transaction is 69,112 units per year in GKL.

Commercial properties for residential use, such as serviced apartment and SOHO/SOFO are not covered in the calculation as there is limited data on the volume of such properties for older period. Based on recent data (2018-2021), the average transaction volume for serviced apartment and SOHO is approximately 3,300 units per year.

## New Residential Launches



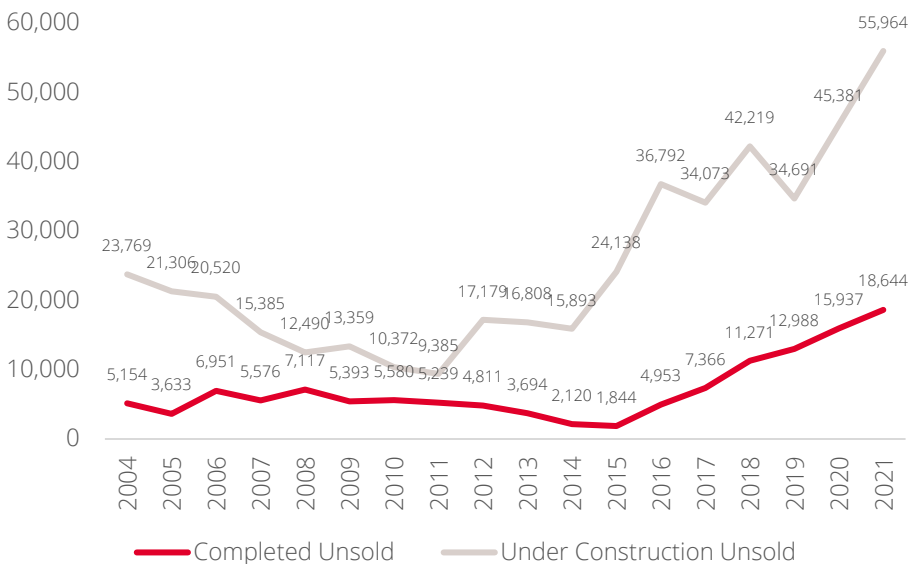
Source: NAPIC (2022)

### New Residential Launches

New residential property launches have been cyclical with most of the years having less than 20,000 units launched, with some period of time (2004, 2014, 2015, 2017) having explosive surges. For the past 17 years, there are on average 19,076 units of residential properties launched in GKL per year, the average number of new unit sales is 8,319 per year or 44% sales rate.

The market has been performing below long term average since 2014. This is likely due to the fact that transaction volume (demand) has been on declining trend in 2011, yet developers still pressed on with more launches, this is evident with the huge spike of new launches in 2014. While demand has normalised to around 60,000 units per year in 2016 onwards, but developers are still adamant with new launches as seen in the huge increase in 2017, plunging the sales rate to below 30% for the first time since 2004. Data above exclude SOHO.

## Unsold Units



Source: NAPIC (2022)

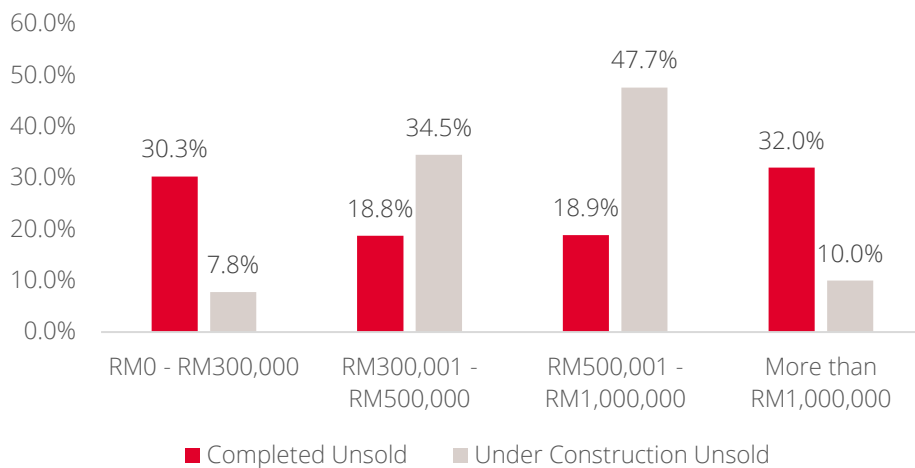
### Unsold Unit

There are 2 categories of unsold properties; properties that remained unsold after completion (Completed Unsold) and properties that are launched, under-construction and still unsold as of date of data collection (Under Construction Unsold). Data include all residential properties, serviced apartments and SOHO.

Under Construction Unsold grew by a large margin since 2011, the very year when demand started slowing and another jump in 2014, when developers launched huge amount of new units.

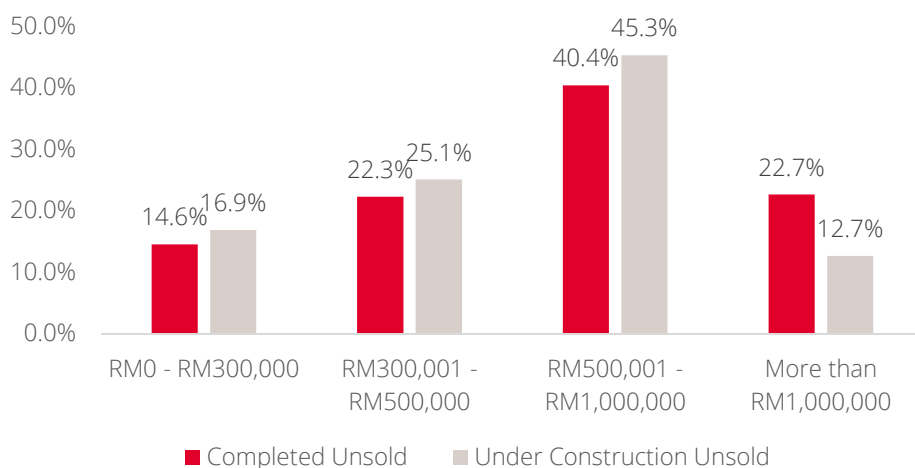
Completed Unsold grew significantly since 2016, this is as expected since all of those Under Construction Unsold units that remained unsold by the time they are completed, will be recategorized as Completed Unsold category.

### 2015 Unsold Unit



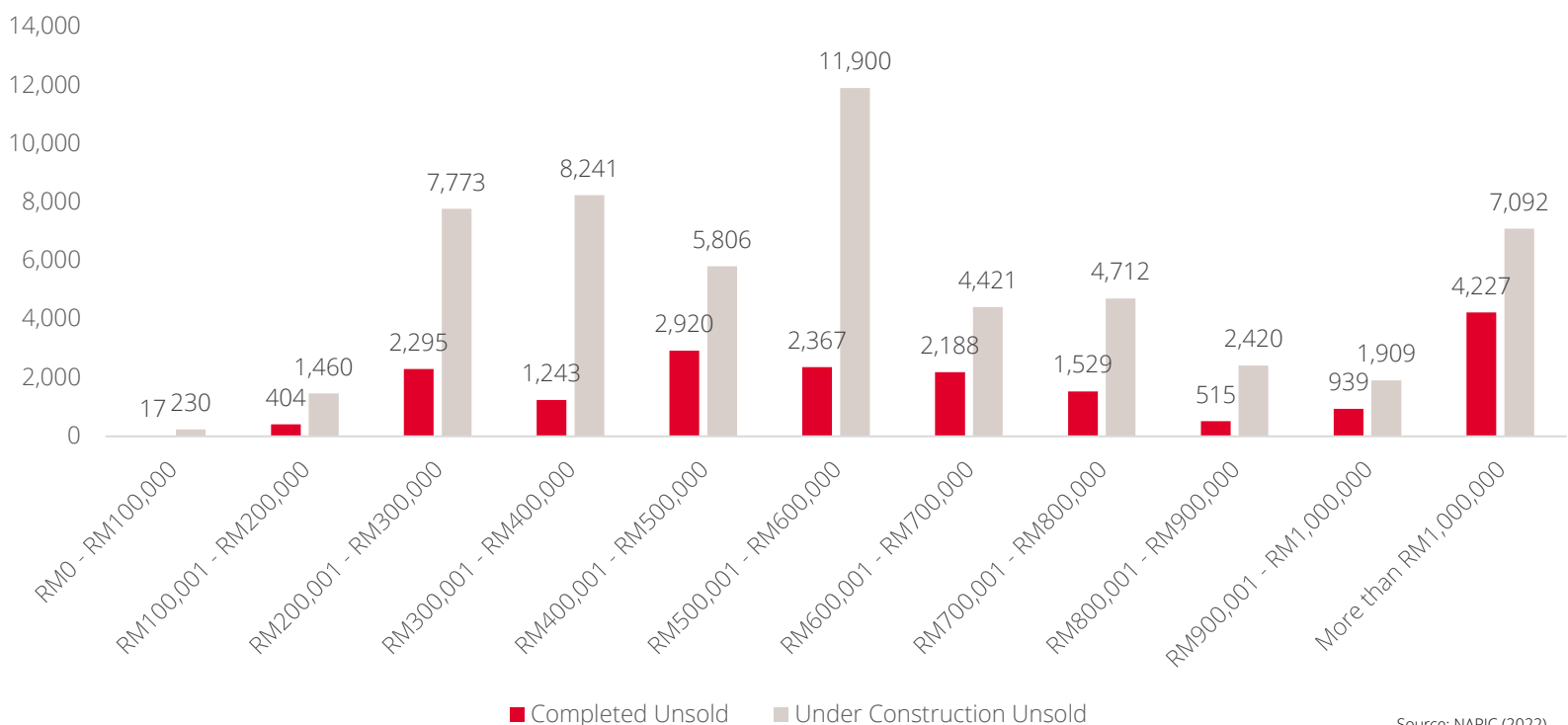
Source: NAPIC (2022)

### 2021 Unsold Unit



Source: NAPIC (2022)

### 2021 Unsold Unit



Source: NAPIC (2022)

## Unsold Unit by Price

In 2015, the year when unsold units started to trend up, most of the Completed Unsold units are below RM300,000 (30.3%) and above RM1,000,000 (32%). However, Under Construction Unsold units are mainly made up of units between RM300,000 to RM1,000,000. This shows that property developers are responsive to the market demand, and have switched their product mix to mid-range units in 2015.

In 2021 however, most of the Complete Unsold units are priced between RM300,000 to RM1,000,000. Properties sold between RM300,001 to RM500,000 made up 22.3% while properties sold between RM500,001 to RM1,000,000 made up 40.4% of the Completed Unsold units. Differ from 2015 however, this time property developers did not make any changes in their product mix and have continued to launch more units between RM300,000 to RM1,000,000, as seen with Under Construction Unsold properties under this price range made up 70.4% of the total units.

## Unsold Unit by Price (2021)

Drilling down further, most of the Under Construction Unsold units fall within the RM500,001 to RM600,000 category, followed by the RM200,001 to RM300,000 and RM300,001 to RM400,000 categories.

## Greater KL Population Growth

Year	2000	2010	2020	2030
No. of Population	5,258,609	6,934,204	8,976,535	9,915,679
CAGR		2.8%	2.6%	1.0%
No. of Household	1,169,450	1,760,005	2,409,939	2,891,698
CAGR		4.2%	3.2%	1.8%
Household size	4.5	3.9	3.7	3.4
Annual household growth		59,056	64,993	48,176

Source: Malaysia Statistics Department (2022)

### Population Growth

20 years from 2000 to 2020, the number of household grew by an average of 62,024 per annum, or 59,056 from 2000 to 2010, and 64,993 from 2010 to 2020. Higher growth in the last decade is mainly attributed to the reduction in household size.

Average housing transaction per year in Greater KL is approximately 69,000 (excluding serviced apartment and SOHO) for the last 20 years, which is 11% higher than household growth. While there is insufficient data to suggest the correlation between housing transaction and household numbers, assuming:

- both moves in tandem
- Housing transaction will be approximately 11% higher than growth in household number due to investment/ demand from foreign expatriates/ holiday homes etc.

It can be projected that, with number of household estimated to grow by 48,176 per year for the next 10 years, the organic housing demand in Greater KL is expected to be at around 54,000 units per year.

### Greater KL Housing Supply-Demand Source: NAPIC, GARDE (2022)

Existing Residential Supply (inc. S.Apt, SOHO)	2,355,813
Existing No. of household	2,409,939
<b>Housing deficit</b>	<b>54,126</b>
No of unit under construction	296,188
No. of unit planned	239,091
Estimated Supply by 2027 (assume 50% planned unit completed)	2,771,547
Estimated No. of household by 2027	2,747,170
<b>Housing surplus</b>	<b>24,376</b>

### Demand-Supply

There is still a minor undersupply of residential properties in Greater KL, with a deficit of 54,126 houses. Seeing that the market supplies approximately 20,000 units of new houses per year, this gap can be plugged within 3 years.

Given the projected number of household growth and cross referencing with housing supply under construction and in the planning pipeline, it can be estimated that by 2027, Greater KL's housing deficit will be fulfilled.

Latest transaction volume in 2021 is 59,884 units per year. With organic housing demand of 54,000 units per year and a minor housing deficit, we expect housing demand to remain at 60,000 level in the short term (next 5 years).

As demand is expected to be constant, housing price, developers' sales rate, development profit will rest entirely on number of supply per year.

There is no data on supply projection beyond 2027, and earliest indicators on supply pipeline from 2028 onwards will be the number planning application in 2023.

## Future Projection

With demand for housings expected to remain constant at approximately 60,000 units (which it has even during the pandemic), the ultimate deciding factor of future house price and competition within the industry lies with the supply side of the equation. Taking into account that Greater KL is still having a housing deficit until 2027, sales of new launches are likely to remain positive for the next 5 years, as shown by the recent news that most developers are recovering from their pandemic slump. Beyond 2027 however, the residential market in Greater KL may plateau if property developers do not hold back on launches. If property developers manage to suppress the urge to launch new supply, then the market may continue to be profitable for all players.

## Mah Sing 1Q net profit rises to RM43 mil, locks in RM450 mil new property sales

Mah Sing said the group locked in RM450 million new property sales in 1Q, driven by the strong take-up rates for affordable product offerings in strategic locations with a large captive market, and well-designed features in line with current market demand.

Looking ahead, Mah Sing's founder and group managing director Tan Sri Leong Hoy Kum said the group is well positioned to reach its sales target of RM2 billion, having planned more launches for the year onwards, and coupled with the right marketing campaigns and digital marketing efforts by the group.

The group is also looking forward to the upcoming launches of Astra (from RM399,000) in Setapak and M Nova (from RM318,000) in Kepong to capture potential spillover demand from M Adora and M Luna, Leong said in a statement.

Source: EdgeProp (2022)

## Sime Darby Property achieved RM11m sales during Hari Raya open house weekend

PETALING JAYA (June 1): Sime Darby Property Bhd achieved a total of RM11 million in sales bookings during the Hari Raya open house weekend of May 21 and 22.

According to a media statement on Tuesday (May 31), the developer concluded the sales bookings from the two-day Hari Raya open house event held across six townships, namely Serenia City in Sepang; Bandar Bukit Raja and City of Elmina in Selangor; KLGCC Resort in Kuala Lumpur; Bandar Ainsdale in Negeri Sembilan; and Bandar Universiti Pagoh in Johor.

"After two years of missing out on the hustle and bustle the special atmosphere, it was heartening to see so many people enjoying the Hari Raya atmosphere," Sime Darby Property noted.

Source: EdgeProp (2022)

## UEM Sunrise returns to profit as revenue jumps on land sale gain, higher property sales

Property development activities recorded sales of RM110 million in 1QFY22, 64% contributed by projects in the central region — mainly Serene Heights Bangi, KAIA Heights in Equine Park, Seri Kembangan and Residensi Allevia in Mont'Kiara, with the remaining 36% from Southern mainly from Estuari Gardens, Aspira LakeHomes in Gerbang Nusajaya and Senadi Hills.

Source: EdgeProp (2022)

This report is published for general reading only and not to be relied upon in any way. While we believe information contained herein are reliable at the date of publication, we have not verified it and make no guarantee, warranty or representation about it. No responsibility or liability whatsoever can be accepted by GARDE for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of GARDE in relation to particular countries, properties or projects.