With
Zerin Properties Corporate Valuers

Residential property market performance over 20 years

We analysed the growth of average house prices over 20 years for eight states in Malaysia. The average house price data was collected from the year 2000 until the first quarter of 2021. These eight states analysed were Kuala Lumpur, Selangor, Johor, Penang, Perak, Pahang, Sabah and Sarawak.

Kuala Lumpur

The average house price in KL for the year 2000 was RM245,249 and RM708,812 in 1Q2021, with a 5.6% average annual change over the 20 years. The most significant yearly change is in 2012, with a 17.48% increase. There were continuous declines in the pattern of price growth for 2018, 2019 and 2020 with -4.53%, -12.76% and -4.13%, respectively.

The contraction of house prices was due to property overhang in 2019, with KL experiencing one of the highest property overhang in the country. The situation prompted developers to lower the pricing of affordable housing units, reflecting the contraction of average house prices. On the other hand, the annual change in 1Q2021 increased by 2.82% due to favourable government initiatives, such as the 1.75% Overnight Policy Rate maintained by Bank Negara Malaysia.

Selangor

Selangor's average house price in 2000 was RM204,105 and RM534,846 in 1Q2021. The average annual change over the 20 years was 4.8%. Double-digit growths were recorded for four years in a row in 2010 (12.88%), 2011 (11.20%), 2012 (10.46%) and 2013 (10.12%). The highest annual change for Selangor was in 2015 with 23.11%, while the annual change in 2020 increased by 3.63% and recorded an impressive growth of 5.55% for 1Q2021.

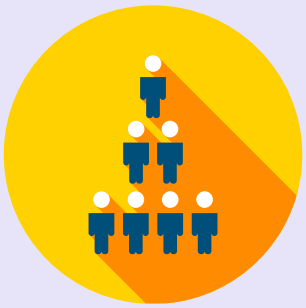
Being the most populous state in Malaysia and the highest contributor to the nation's gross domestic product with a large proportion of manufacturing, warehousing and port-related activities, Selangor has been able to sustain the demand for residential properties over the years and provided a buffer against any drastic price drop in the state.

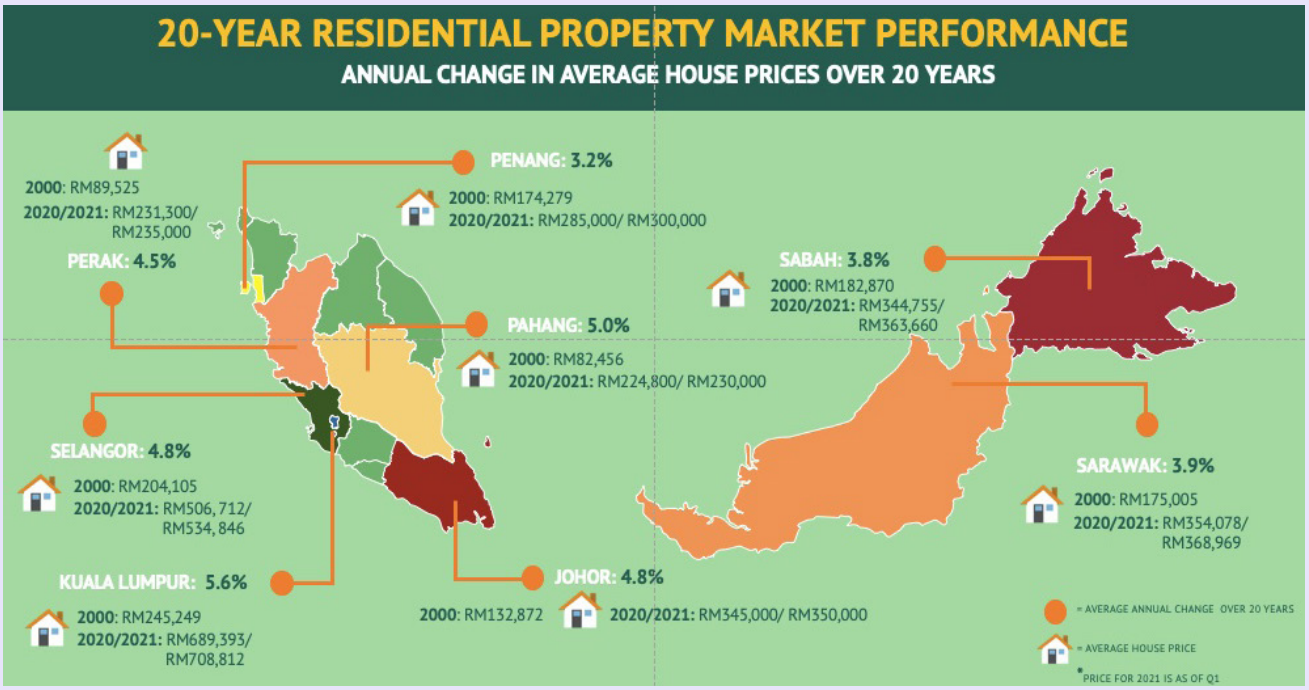
Johor

The average house price for Johor in 2000 was RM132,872, whereas in 1Q2021, it was RM350,000. The average annual change between the 20 years was 4.8%. There was a slight decline in the price growth in 2020 (-1.43%) due to the high overhang property in Johor, which caused developers to offer

Continues **NEXT PAGE** →

> "Selangor has been able to sustain the demand for residential properties over the years and provided a buffer against any drastic price drop in the state."





← From PREVIOUS PAGE

more discounts to clear the unsold units.

Johor recorded the highest property overhang in 2020, where most of them were condominiums or serviced apartments. The majority of the overhang property was located in the Iskandar Region where developers originally built the house units targeting the foreign market.

“The average house price for the eight states in Malaysia has shown significant growth over the 20 years. KL and Pahang have the most notable average annual changes above 5%.”

Penang

The average house price for Penang in 2000 was RM174,279 and RM300,000 in 1Q2021, with an average annual change of3.2% over the 20 years. There was a decline in 2018 and 2019 by 16.14% and 5.60% respectively, while prices stabilised in 2020.

The decreasing average house price in 2018 and 2019 might have been due to developers offering more affordable house units to reduce the property overhang in Penang. As a result, most property prices in Seberang Perai dropped by 5% to 10% in 2020. The increase in average house price in 1Q2021 could be due to a positive response from the reintroduction of the Home Ownership Campaign (HOC).

Perak

In 2000, Perak’s average house price was RM89,525, which increased to RM235,000 in 1Q2021. The average annual change was 4.5%. The state recorded double-digit growth of yearly change for two years which were 2011 with 10.50% and 2014 with 11.88%.

The affordable prices offered for most properties in Perak matched the general public’s income levels, which have contributed to the steady increase in Perak’s average house price. This circumstance has led to the rise in demand for properties, especially landed properties, despite the effect of the Covid-19 pandemic.

Pahang

The average house price for Pahang in 2000 was RM82,456 and RM230,000 in 1Q2021. The average annual change was 5.0%. The highest yearly change recorded was in 2015 with 20.73%, followed by 2011 with 14.63% as the second highest. The annual increase for 2020 was by 3.12% and 2.31% for 1Q2021.

The majority of the price growth was from landed properties as the purchasers in Pahang prefer landed over high-rise residences. The price growth in 2020 and 1Q2021 could be due to the boost given to home sales under the HOC or Short-Term Economic Recovery Plan (PENJANA).

Sarawak

The average house price in Sarawak in 2000 was RM 175,005 and RM368,969 in 1Q2021. The average annual change over the 20 years was 3.9%, with the most significant annual change of 20.52% in 2012.

Despite the falling of house prices in 2019 (-0.29%), they rose gradually in 2020 and 1Q2021 by 3.83% and 4.21% respectively. Purchasers enjoyed the HOC and low bank interest rates offered by the government, which helped contribute to price growth in 2020 and 1Q2021. The low loan interest of 1% provided by the state government for house buyers from the B40 group helped maintain a positive annual growth.

Sabah

The average house price for Sabah in 2000 was RM182,870 and RM363,660 in 1Q2021. The average annual change was 3.8% over the 20 years, and the most significant yearly change was in 2012 with 13.11%. There was a slight decrease for the yearly change in 2019, with -3.63% and 2020 with -11.20%. Nevertheless, it increased steadily by 5.48% in 1Q2021.

Owing to the Covid-19 pandemic, developers had to lower their house prices by 20% as they focused on pushing existing projects in 2020. On the other hand, the HOC 2021 campaign helped rebound the market for 1Q2021.

Summary

The average house price for the eight states in Malaysia has shown significant growth over the 20 years. KL and Pahang have the most notable average annual changes above 5%.

The incentives provided by the government to boost the property market that was affected by the Covid-19 pandemic have helped several states to achieve a steady increase of the annual change growth for the year 2020 and 1Q2021.