

PROPERTY MARKET

## ASKING PRICES DECLINE IN Q3

Downtrend serves as benchmarks for seller sentiment, sign of moderate prospects, says PropertyGuru

KUALA LUMPUR

**A**SKING prices for properties across the board in Malaysia declined in three out of four major markets, namely Kuala Lumpur, Selangor and Penang, for the third quarter of this year, according to PropertyGuru Market Index (PMI).

PropertyGuru Malaysia country manager Sheldon Fernandez said overall prices in Malaysia declined 0.9 per cent year-on-year in the third quarter, with Penang leading the contraction with a 1.5 per cent quarter-on-quarter decrease in PMI to 93.4 from 94.8.

"With the exception of Johor, these downticks in asking prices are representative of downward movements in longer-term trendlines across key markets since 2015.

"While asking prices aren't necessarily interchangeable with transaction prices, they serve as benchmarks for seller sentiment and as such, point towards moderate prospects at best for next year," said Fernandez.

PropertyGuru said industry an-



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alysts attributed falling prices to adjustments by developers to clear unsold stocks and ease cash flow, along with the downward pressure from the Home Ownership Campaign.

Johor, for example, is an attractive destination for investment, with the caveat that prices have seen marked volatility in recent years due to supply and policy shocks.

"With this in mind, thorough consideration of existing property types, and incoming demand in



Sheldon Fernandez

the area is necessary before venturing into the market," it said.

Property seekers in markets such as Kuala Lumpur and Selangor can hedge their bets by examining purchasing sentiment.

According to PropertyGuru Consumer Sentiment Survey H1 2019, Malaysians are increasingly open to purchases in the secondary property market.

This is due to location preferences, with younger home seekers prioritising older projects close to established urban cen-

tres instead of new launches further afield.

As such, mature satellite townships like Petaling Jaya, Subang Jaya, Damansara, Shah Alam and Cheras offer better prospects for investors, though affordability remains a concern for home seekers.

Meanwhile, the rent-to-own (RTO) approach is favoured by some industry analysts as it addresses the prohibitive upfront costs of home ownership for many home seekers.

Others note that RTO schemes can incur significantly higher total costs compared with conventional mortgages.