

Rental demand for landed homes increased in 1H21

MALAYSIA'S residential rental property demand experienced positive year-on-year (YoY) growth of 1.9% in the first half of 2021 (1H21), particularly for terrace homes, says property portal iProperty.com.my.

iPropt GM for customer data solutions and quality Premendran Pathmanathan (picture) said the pandemic had started the trend of property seekers looking for bigger living spaces.

"As a result, terrace houses have become the most popular property type in 1H21. The 1H21 continues to favour tenants as renting makes more financial sense due to a lower monthly commitment compared to purchasing the same property, especially in times of high unemployment.

"Indeed, many landlords are absorbing some of the income shocks and are pricing down their rental units as they compete to attract a limited pool of financially stable tenants," said Premendran in a virtual conference yesterday.

He added that despite rental demand improving in 1H21, rental yields fell for all property types.

"Demand for residential rental properties in city centres began to build up in 1H21 as lockdown restrictions were relaxed and various economic activities resumed as usual.

"In particular, some notable business and residential hubs in Kuala Lumpur (KL) and Penang have experienced double-digit YoY demand growth. These areas include Mont Kiara, Mid Valley City and KL City Centre in KL and Pulau Tikus, George Town and Bukit Mertajam in Penang," said Premendran.

However, he added, landlords are expected to continue to face challenges to lock in tenants due to higher levels of unemployment.

"The latest unemployment figures from the Department of Statistics Malaysia (DoSM) is 4.8% in June 2021, following four consecutive months of lower unemployment figures. With certain demographic groups facing financial constraints, some landlords will continue to face challenges finding tenants for their properties," he added.

This resulted in a dip in rental yields across all building types.

"In 2020, the pandemic supported a tenant's market, putting renters in a good position to negotiate rental prices. This trend has continued in 1H21 where the drop in asking rental prices was higher than the drop in asking sale prices, thus reducing the rental yields.

"The rental yield for terraced houses decreased to 2.9% from 3.3% in 1H20.

“Meanwhile, the rental yield movement for condominiums and serviced residences have declined by 0.3% and 0.2% respectively, whereas apartments have retained at 4.4%,” he added.

Penang’s overall rental property demand recovered from -13.7% in 1H20 to register a 1.8% YoY growth.

“However, condominiums still registered negative YoY demand at -5.1% as the increase in rental property listings far surpassed the rise in user visits. According to National Property Information Centre, Penang has a significant condominium overhang with 4,163 units as of second quarter of 2021,” he added.

While Johor’s rental property demand jumped to 6.6% from -19.5% in 1H20, median rental prices dipped by RM200 to RM1,200.

According to DoSM, the percentage of people staying in their property in the Johor Baru has decreased from 73.2% in 2014 to 69.7% in 2019, while the percentage of renters has increased from 23.4% to 28.4% in the same period.

<https://themalaysianreserve.com/2021/10/06/rental-demand-for-landed-homes-increased-in-1h21/>