

Rebound seen in residential rental property demand for 1H 2021

Malaysia's residential rental property demand swung to a positive year-on-year (y-o-y) growth of 1.9 per cent in the first half (H1) of 2021 from a contraction of 5.6 per cent in the corresponding period last year, according to property portal iProperty.com.my.

Growth in user visits outperformed the growth in rental property listings in H1 2021, which was a contrast to H1 2020, it said.

The portal attributed the increase to a significant y-o-y rise in demand for terrace homes at 14.1 per cent and for serviced residences at 8.0 per cent. This was a shift from H1 2020 when condominium was the most in-demand residential rental property.

The portal's general manager for customer data solutions and quality, Premendran Pathmanathan, noted that the pandemic had started the trend of property seekers looking for bigger living spaces.

As a result, terrace houses became the most popular property type in the first six months of 2021.

Moreover, he said, H1 2021 continued to favour tenants as renting made 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," he said during the iProperty.com.my conference on H1 2021 portal demand analytics (residential rental market) today.

The biannual conference, which was held virtually, provided a macro view of current demand trends in the Malaysian residential rental market.

Premendran said on a positive note, the ongoing COVID-19 vaccination programme had resulted in more than 80 per cent of the adult population being vaccinated as of September 2021.

He said the high vaccination rate announced would serve as a great confidence booster for the property market.

"As we transition to an endemic phase by the end of October, we hope the property market will continue to recover for the remainder of the year and going into 2022," Premendran said.

According to an iProperty.com Malaysia Sdn Bhd statement, demand for residential rental properties in city centres began to build up in H1 2021 as lockdown restrictions were relaxed and various economic activities resumed as usual.

"In particular, some notable business and residential hubs in Kuala Lumpur and Penang have experienced double-digit y-o-y demand growth.

"These areas include Mont Kiara, Mid Valley City and Kuala Lumpur City Centre in Kuala Lumpur and Pulau Tikus, George Town and Bukit Mertajam in Penang," it said.

On the flip side, iProperty.com said, the Department of Statistics Malaysia (DoSM) reported an unemployment rate of 4.8 per cent in June 2021, following four consecutive months of lower unemployment figures. The rate remained at 4.8 per cent in July.

"With certain demographic groups facing financial constraints, some landlords will continue to face challenges finding tenants for their properties," it said.

According to iProperty.com, rental yields across all building types have dipped.

In 2020, the pandemic supported a tenant's market, putting renters in a good position to negotiate rental prices.

"This trend continued in H1 2021 where the drop in asking rental prices was higher than the drop in asking sale prices, thus reducing the rental yields," it said.

Rental yield for terraced houses dropped to +2.9 per cent in the period from +3.3 per cent in H1 2020.

Meanwhile, it said, the rental yield movement for condominiums and serviced residences declined by 0.3 per cent and 0.2 per cent, respectively, whereas yield for apartments stayed at +4.4 per cent. - Bernama

<https://www.nst.com.my/property/2021/10/733786/rebound-seen-residential-rental-property-demand-1h-2021>