

PEPS: Low basic salary hindering homeownership

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January 23, 2018

KUALA LUMPUR (Jan 23): Although salary growth has kept pace with growth in property prices, basic salaries are still low compared with average property prices.

The Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) president Foo Gee Jen said the national average growth rate of salaries is about 5% to 5.5% while data from the National Property Information Centre (Naptic) showed that the Malaysian House Price Index recorded an increase of 5.1% year-on-year in the third quarter last year.

"But our basic salaries are still low while property prices are too high, so we need a little bit of time to adjust," he told reporters at a media conference at the 11th Malaysian Property Summit organised by PEPS today.

Nevertheless, he still sees "a very strong light at the end of the tunnel" as the current salary growth is still at a healthy level.

Looking ahead, Foo, who is also CBRE|WTW managing director, expects 2018 to have more new launches priced below RM500,000 as developers re-strategise their projects according to the state of the market.

"The transaction volume on the secondary market was dominated by houses worth RM350,000 and below in 2017. This shows clearly what the masses really want.

"I expect this year to see new launches priced below RM500,000. This is a good sign and it will definitely drive transaction volume up while transaction value is expected to be less," he said.

Meanwhile, in his opening remarks at the summit, PEPS vice-president Michael Kong said the world is changing rapidly, with breakthrough technologies emerging at an incredible speed, resulting in challenging yet exciting times.

"Inevitably, the real estate sector will be affected as change is here to stay," he said, adding that PEPS aims to help the public and property developers make informed decisions with up-to-date data, in-depth analysis and accurate information at the summit.