

Over 30% increase in unsold residential properties in Malaysia

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KAJANG: The year-on-year residential overhang in Malaysia increased to 32,313 units valued at RM19.86bil in 2018, an increase of 30.6% in volume and 27% in value, according to the Valuation and Property Services Department (JPPH).

In its Property Market Report 2018, JPPH said high rise units formed the bulk of the overhang units, representing 43.4% (14,031 units) of the total.

"Most of them were concentrated in Perak (2,905 units) and Kuala Lumpur (2,692 units)," the report said.

Meanwhile, unsold, unconstructed units also increased year-on-year to 19,865 units, up by 57.3%.

Unsold, under construction units also rose to 80,984 units, an increase of 30.9%.

JPPH said the residential sector saw 197,385 transactions worth RM68.75bil recorded in 2018, an increase of 1.4% in volume and 0.4% in value.

"Major states namely Kuala Lumpur, Johor and Penang recorded an increase of 6.8%, 7.8% and 3% respectively in market activity.

"Selangor, despite a decline, recorded a marginal decrease of 0.4%," it said.

Meanwhile, the number of new launches in 2018 recorded 66,040 units, which was a contraction of 14.9% as compared with 77,570 units in 2017.

To address the country's home ownership and overhang dilemma, the government has announced a number of initiatives in conjunction with the six-months Home Ownership Campaign (HOC), such as the exemption of stamp duties residential units priced between RM300,000 and RM1mil.

These are only for properties of developers that are participating in the HOC, which kicked off in January.

For houses sold above RM1mil to RM2.5mil, stamp duty exemption applies for the first RM1mil, and the rest will be charged at 3%.

Previously, a 1% stamp duty fee was imposed on buyers for the first RM100,000 of the purchase consideration; 2% for RM100,001 to RM500,000 and 3% from RM500,001 to RM1mil.

Stamp duty on loan agreements for properties up to RM2.5mil would be exempted, compared with the previous rate of 0.5%.