

12-Day
International
Study Visit



MALAYSIA 2010

14-26
APRIL
2010.



Real Estate & Housing Finance Study Visit to Malaysia

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The Malaysian economy recorded the highest growth since 2004 at 6.3% due to robust domestic demand, driven by strong private consumption spending and investment activities as well as increase in public sector spending.

Construction sector was boosted by the scheduled implementation of Ninth Malaysia Plan (9MP) projects and improvement in the housing market. Under the 6th plan the government has established a major housing programme to construct low-cost houses.

The Malaysian housing market remained buoyant in 2007. The overall market strengthened with increases in both transaction volume and value, improved sales performance for the newly launched housing units and reduced numbers of property overhangs. However, property construction activities moderated with increased newly completed units but decreased construction starts and building plan approvals.

The housing market recorded 309,455 transactions valued at RM77.14 billion during the year. The transaction volume recorded a 9.0% increase (2006: 283,897 transactions) whilst value grew by 25.2% (2006: RM61.60 billion) against 2006. Residential property sub-sector remained as the most dominant sub-sector comprising 64.5% of the total volume and 47.3% of the value of transactions. Agricultural property was the second most active forming 19.4% of the market share. Commercial property, development land and industrial property sub sectors followed at 9.0%, 4.5% and 2.6% of the total transactions respectively.

The Malaysian economy in 2008 recorded a respectable performance in the light of the global financial crisis, with growth in real domestic product (GDP) expanding at 4.6% (2007: 6.3%). Growth was supported by domestic demand, driven mainly by private consumption and public spending.

The Malaysian property market grew in the first three quarters, in line with the sustained GDP growths but declined in the last quarter of 2008. Nevertheless, on the whole, the country's property market remained on a favorable track supported by the confidence in the stability of the Malaysian's economy. The housing market recorded lower number in sales of newly launched housing units, and increased number and value of overhangs. Property supply responded swiftly, witnessed in dwindling construction activities; starts, completions and new building plan approvals.

Malaysia is the Asian leader in terms of attracting interest from foreign investors. The amount of foreign investment into the country continues to increase and international investment into the property sector in Malaysia is firmly predicted to grow at unprecedented levels.

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Malaysia, a middle-income country, transformed itself from 1971 through the late 1990s from a producer of raw materials into an emerging multi-sector economy. Growth was attributed largely to exports, primarily in electronics. As a result, Malaysia was hard hit by the global economic downturn and the slump in the information technology ("IT") sector in 2001 and 2002. GDP in 2001 grew only 0.5% because of an estimated 11% contraction in exports, but a substantial fiscal stimulus package equal to United States Dollar ("USD") 1.9 billion mitigated the worst of the recession, and the economy rebounded in 2002 with a 4.1% increase.

Growth topped 7% in 2004, but slid to 5% in 2005, 5.9% in 2006, and 6.3% in 2007. As an oil and gas exporter, Malaysia has profited from higher world energy prices, although the cost of government subsidies for domestic gasoline and diesel fuel has risen and offset some of the benefit. Malaysia "unpegged" the Ringgit from the USD in 2005, but so far there has been little movement in the exchange rate. Healthy foreign exchange reserves, low inflation, and a small external debt are all strengths that make it unlikely that Malaysia will experience a financial crisis over the near term similar to the one in 1997. The economy remains dependent on continued growth in the U.S., China, and Japan, which are top export destinations and key sources of foreign investment.

The economic policies and strategies of the country are set out in the National Development policy. These are implemented through the outline Perspective Plan. The current action plan is the Ninth Malaysia Plan (2006-2010). The Ninth Malaysia Plan is the first of three five-year blueprints for the National Mission, encapsulating policy directions and programmes, which are aimed at delivering the Mission's philosophy and thrusts. The National Mission will drive the design and prioritization of programmes, plans and budgets from the year 2006 onwards. With consistent and determined effort in the implementation and delivery of the National Mission, the nation is well placed to achieve its aspirations and join the ranks of developed nations by the year 2020. Malaysian economy recorded a 6.3% GDP growth for the year 2007 (2006: 5.9%). Growth for 2007 was largely contributed by growth in the manufacturing and service sectors.

PROPOSED INSTITUTIONS FOR THE STUDY VISIT

1. **Cagamas Berhad ("Cagamas")**
2. **Bank Negara Malaysia (BNM)**
3. **Treasury Housing Loans Division (THLD):**
4. **Malaysia Building Society Berhad (MBSB):**
5. **Borneo Housing Mortgage Finance Berhad (BHMF)**
6. **Sabah Credit Corporation**
7. **Bank Simpanan Nasional (BSN)**
8. **The Employees Provident Fund (EPF)**
9. **REAL ESTATE AND HOUSING DEVELOPERS' ASSOCIATION MALAYSIA (REHDA)**
10. **Tan & Tan Development Berhad**
11. **A & M Realty Berhad**
12. **Construction in Malaysia**
13. **PKNS Engineering & Construction Bhd (PECB)**
14. **Lafarge Cement Malaysia**
15. **Claybrick & Tiles Sdn. Bhd. (Claybricks)**



For more Information please contact:

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