

HARTAMAS NOTES FOR THE WEEK

-Make Real Estate A Breeze-

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By **Hartamas[®]**
Research

*“I find that the harder I work,
the more luck I seem to have”*

Thomas Jefferson

(an American statesman, diplomat, and lawyer)

What you need to know this week:



01 MIER index shows improved consumer sentiment in 1Q



02 Housing Price Mapping to be introduced as guide for developers



03 Logistics property market remains resilient

Improved *consumer sentiment*

What's going on here?

According to Malaysian Institute of Economic Research (MIER), Malaysia's transition into the endemic phase and the re-opening of international borders are shoring up consumer sentiment.

What does this mean?

MIER's Consumer Sentiments Index (CSI) rose 11.7 points quarter-on-quarter to 108.9 in 1Q22, where it last breached the 100-point levels two quarters ago. All components that comprise the latest CSI performed better than 4Q21, with expected employment leading the improvement, followed by current income and financial outlook. Meanwhile, the Business Conditions Index (BCI), however, showed a slight decline in 1Q22, partly due to the geopolitical uncertainties and the disruption in supply chain.

Why should I care?

Overall, an upturn in business activity from the re-opening of the economy and international borders would help generate more employment opportunities and therefore reinforce consumer expectations of better finances by mid-2022.

Housing *price mapping*

What's going on here?

The Deputy Housing and Local Government (KPKT) Minister announced that the Housing Price Mapping initiative will be introduced as a guide for developers in providing affordable housing in the country.

What does this mean?

This initiative will help the public to identify the prices of homes offered by developers as well as enabling developers to plan on developing houses that are saleable, aiming to help reduce property overhang or mismatch between demand and supply. According to the Property Market Report 2021 by the National Property Information Centre (Napic), residential property overhang increased to an all-time high last year with 36,863 units worth RM22.79 billion, marking a 24.7% increase in volume and 20.5% rise in value compared to 2020.

Why should I care?

Besides this initiative, analysts said that strict control on housing supply as well as accurate and timely housing data from the government will be crucial to solve the overhang issue in the country.

Logistic properties *remain bright*

What's going on here?

According to JLL Property Service, the rapidly growing e-commerce sector will continue to boost market demand for logistic properties in Malaysia and other Asia Pacific countries.

What does this mean?

Despite more supply of industrial properties and warehouses expected to enter the market from 2023 onwards, the overall property occupancy rate and rental outlook remains bright. Currently, 49% of the total occupiers of prime logistic warehouses are third party logistic players, followed by manufacturing and FMCG (fast moving consumer goods). JLL foresees the upcoming supplies will be absorbed by the e-commerce sector which currently only comprises 6% share.

Why should I care?

The expected growth of ecommerce and logistic sector in the next five years is supported by Malaysia Investment Development Authority under the 12th Malaysia Plan, where Malaysia is targeting to increase 10% cargo volume and aims to be one of the top 10 countries of the World Container Port ranking.

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