



Malaysian Property Market

Financing Housing & Property Development

Key Issues and Challenges

Presentation by Dr. Daniele Gambero

Connecting the dots between economy, demographic trends and new housing concepts

CONSULTANCY

- **Strategic Marketing Consultancies: design, concept, pricing, branding**
- **Property Market Surveys: defining the best product for each specific area**
- **Property Market Reporting: give developers an independent platform to take strategic decision on future development**
- **Property Market Analysis: research and definition of new development products based on existing market situation**
- **Branding: adding value by endorsement of project, branding of new development areas, defining and creating catalyzer for future development**
- **Creative: converting ideas in fact and having fun**





Best Project Marketing Company

REI Group of Companies





Organizations that have invited Dr. Daniele Gambero as speaker to their events are:

Rehda KL, Rehda JB, Rehda Malacca and Rehda Penang

Sheda Kuching

Asian Strategic Leadership Institute (ASLI)

FIABCI Malaysian Chapter

iProperty, PropertyGuru Malaysia and Singapore and EG Expos

Malaysian Property Incorporated

University Malaya KL

Wealth Mastery Academy, Comfori and Starfish

Special Property Market Outlook presentation to the Bod of:

Encorp Bhd

Hatten Group

UEM Sunrise



FIABCI-MALAYSIA SMART INVESTMENT IN PROPERTY SEMINAR (IX) 2013
Post GE 13 - Where?

One day seminar feature on various topics:

 It is the right time to Invest? Mr. Siva Shanker President Malaysian Institute of Estate Agents (MIEA)	 Auction Property Mr. Gary Chia Chief Executive Officer Auction Guru Abacus Research Sdn Bhd
 Commercial OR Residential Real Estate En. Fakru Radzi Ab. Ghani Head of Head of Investment & Property Management Perbadanan Kemajuan Negeri Selangor (PKNS)	 Local Properties VS Oversea Properties Dr. Daniele Gambero Chief Executive Officer REI International Holding Sdn Bhd
 First Step in Property Investment Sr. Michael Geh Senior Partner Raine & Horne International Zaki + Partners Sdn Bhd	 Taxation Dr. Ben Ng Managing Director Total Business Advisory Sdn Bhd

Registration Fee

- FIABCI Members RM288 per pax
- Non Members RM338 per pax

With 6 CPD Hours

Date: 7 September 2013
 Time: 9.00 am - 5.00 pm
 Venue: Berjaya Times Square Hotel

Post Election Property Forecast

大選後房地產市場預測

11 & 12 May 2013 (Saturday & Sunday)
10.30am - 5.30pm
Sabah Trade Centre, Kota Kinabalu

| Gavin Tee | Michael Yeoh | Enoch Khoo
| Ishmael Ho | Richard Oon | Dr Daniele Gambero

Session
RM100 per pax (Saturday or Sunday session)
*Light refreshment provided during Tea Break
*Goodie Bag for each delegate
*Lucky Draw

Registration
Online at Pihex.com or
call 088-719787

PIHex
[展博] 房地產投資展

Website: www.Pihex.com Facebook: facebook.com/Pihex
Telephone: 088 719 787 Fax: 088 728 367 Email: info@Pihex.com





Regular columnist for several newspapers and spec

- The Star
- Malaysian Reserve
- Malay Mail
- PropertyTimes
- The Sun
- The Edge
- Real Estate Malaysia
- Property Hunter
- Property Insight
- Property King



Agenda

Malaysian Property Market: get it right!

Malaysian Wealth: Fact File

Malaysian Wealth: meaning of Affordable

Malaysian Real Estate: Demand and Supply

Malaysian Real Estate: Household Debt Crunch

Malaysian Real Estate: The Way Forward

MALAYSIAN PROPERTY MARKET

Setting the rules for sustainability

HEALTHY GROWTH OF A REGULATED AND
PROFITABLE PROPERTY MARKET

DEFINITION AND
DEVELOPMENT OF
ECONOMIC
CLUSTERS

DEFINITION AND
DEVELOPMENT OF
PROPER
INFRASTRUCTURE

SOCIO/ECONOMIC
EQUITY OR FAIR
WEALTH
DISTRIBUTION AND

INSTITUTIONAL
FRAMEWORK &
REGULATORY
AUTHORITY

ECONOMIC GROWTH PLANNING AND EXECUTION

STABLE AND DEMOCRATIC POLITICAL ENVIRONMENT

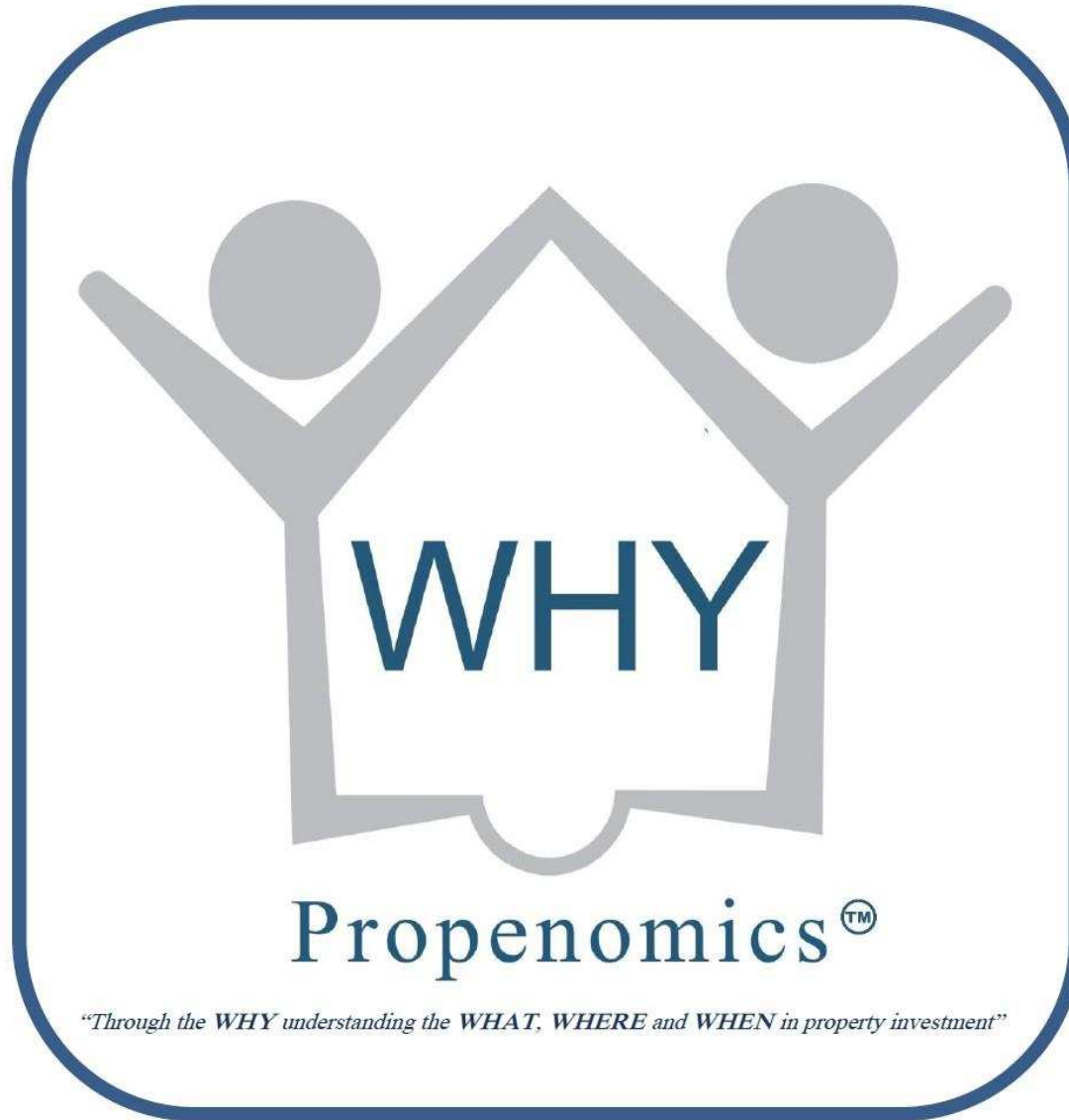
MALAYSIAN PROPERTY MARKET

Setting the rules for sustainability

**PROPERTY IS NOT AN ECONOMIC
DRIVER BUT THE CONSEQUENCE
OF PROPERLY PLANNED ECONOMIC
GROWTH**

PROPERTY + ECONOMY =

MALAYSIAN PROPERTY MARKET



MALAYSIAN WEALTH DISTRIBUTION - FACT FILE

FEW CONSIDERATION ON MALAYSIANS WEALTH:

Malaysian average per capita income 2013 (PPP) – Source IMF/WB

USD17,046 per year = RM4,400 (per month)

Malaysian Wealth Distribution

Lowest 20%

Share 5% of Malaysian wealth

Highest 20%

Share 40% of Malaysian wealth

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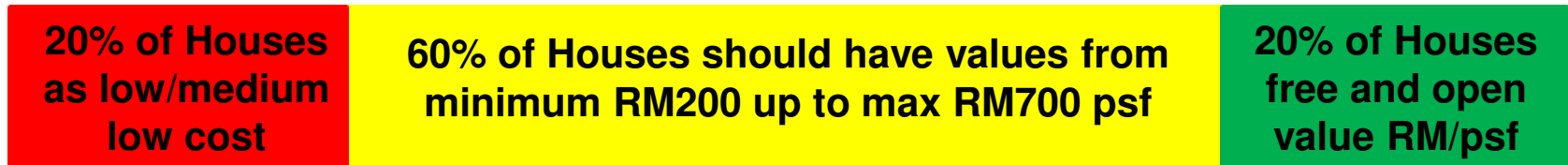
Median 60% share 55%

18,000,000



MALAYSIAN WEALTH DISTRIBUTION - FACT FILE

FEW CONSIDERATION ON AFFORDABLE HOUSING



Malaysian Wealth Distribution

Lowest 20% Share 5% of Malaysian wealth

=

Highest 20% Share 40% of Malaysian wealth

Median 60% share 55%



MALAYSIAN WEALTH DISTRIBUTION - FACT FILE

FEW CONSIDERATION ON MALAYSIANS WEALTH:

PER STATE AFFORDABILITY VALUES 2012

State	State by state (est) Population in 2012	GDP 2012 per Capita at current prices		35% of monthly income = Loan repayment RM	Affordable House value (30 yrs loan @ BLR-2.3 4.4%)	
		Yearly RM	Monthly RM		Per capita RM	Per household RM
Kuala Lumpur	1,718,680	73,931	6,161	2,156.32	480,000	720,000
Pulau Pinang	1,654,640	37,006	3,084	1,079.34	240,000	360,000
Selangor	5,626,240	36,135	3,011	1,053.94	240,000	360,000
Malacca	832,320	33,550	2,796	978.54	220,000	330,000
Negeri Sembilan	1,040,400	32,511	2,709	948.24	220,000	330,000
Johor	3,337,360	24,574	2,048	716.74	160,000	240,000
Sabah	3,437,360	19,010	1,584	554.46	125,000	187,500

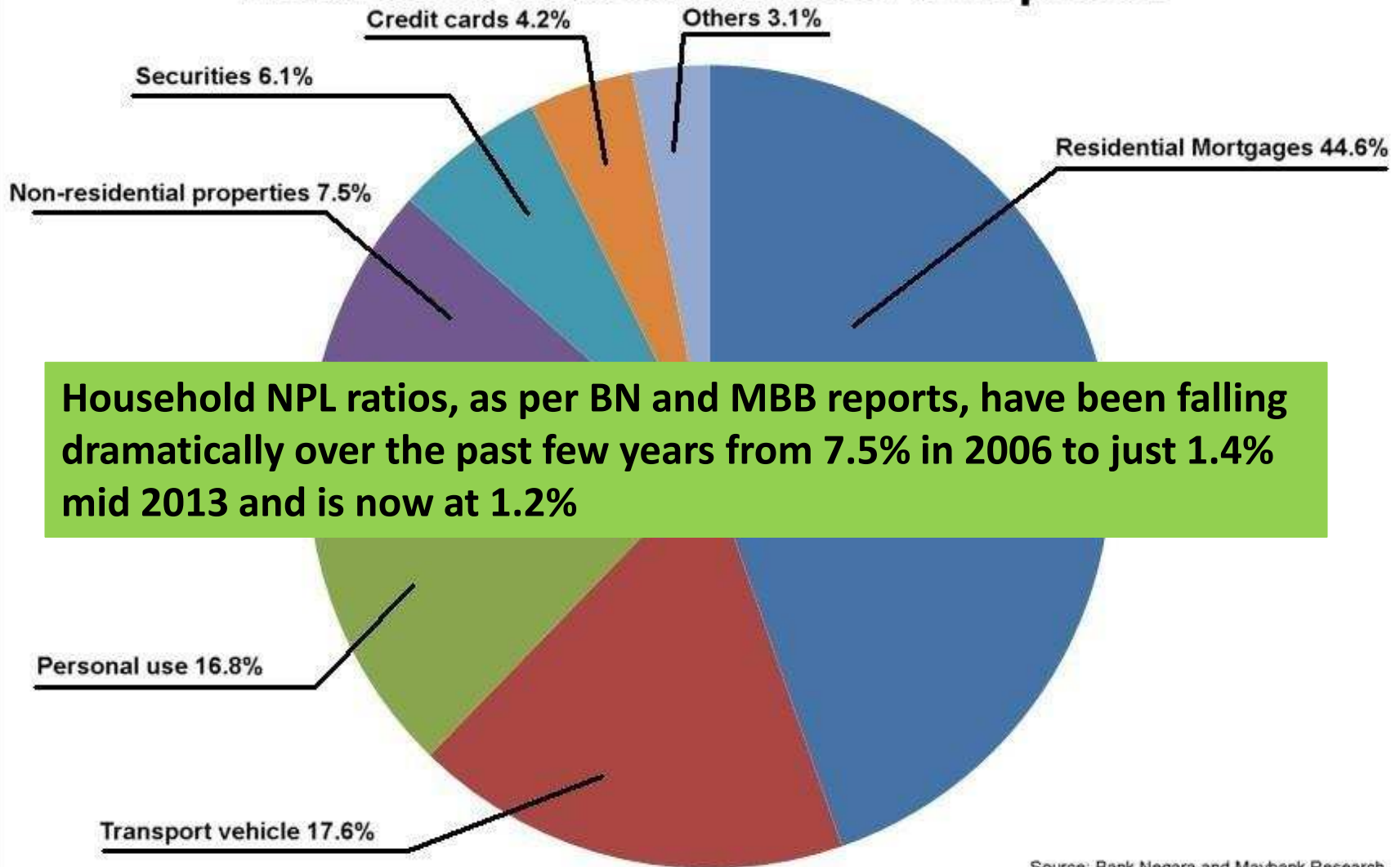
HOUSING EXISTING STOCK AND FUTURE SUPPLY

EXISTING STOCK AND HOUSE SUPPLY TILL 2020

STATE	SUPPLY OF LANDED TILL 2020	SUPPLY OF LOW COST TILL 2020	LOW COST ON POPULATION %	SUPPLY OF HIGH RISE TILL 2020	TOTAL HOUSES SUPPLY BY 2020	POPULATION BY 2020	NEED/OVERSUPPLY OF HOUSES BY 2020
KUALA LUMPUR	113,005	156,915	8.39%	251,854	521,774	1,870,000	101,559
SELANGOR	833,155	491,584	7.83%	342,154	1,666,893	6,279,686	426,336
JOHOR	652,827	260,616	5.79%	87,968	1,001,411	4,499,432	498,400
PENANG	204,903	214,780	13.15%	63,728	483,411	1,633,703	61,157
MALACCA	138,607	50,244	5.49%	18,979	207,830	914,506	97,005
NEGERI SEMBILAN	265,638	90,725	7.11%	47,461	403,824	1,276,244	21,591
PAHANG	230,251	69,856	4.17%	17,862	317,969	1,674,660	240,251
PERAK	383,460	95,873	3.84%	12,909	492,242	2,494,237	339,170
PERLIS	19,804	9,294	3.82%	1,602	30,700	243,400	30,150
KELANTAN	67,511	12,722	0.83%	4,189	84,422	1,533,613	426,782
TERENGGANU	91,254	43,173	4.13%	1,026	135,453	1,045,864	213,168
KEDAH	247,710	115,217	5.92%	3,173	366,100	1,947,472	283,057
SABAH	98,335	62,930	1.83%	41,618	202,883	3,443,107	485,738
SARAWAK	189,640	51,915	2.04%	14,893	256,448	2,543,759	252,304
GRAND TOTAL FOR MALAYSIA	3,536,100	1,725,844	5.50%	909,416	6,171,360	31,399,685	3,476,669

MALAYSIAN HOUSEHOLD DEBT - FACT FILE

What does household debt comprise?



Household NPL ratios, as per BN and MBB reports, have been falling dramatically over the past few years from 7.5% in 2006 to just 1.4% mid 2013 and is now at 1.2%

Source: Bank Negara and Maybank Research

FINANCING PROPERTY PURCHASERS

October 25 2014	Budget 2014 re-introducing RPGT up to 30%
October 25 2014	Budget 2014 Introducing "House prices transparency" (Concept)
October 25 2014	Budget 2014 Prohibiting the use of DIBS
November 15 2014	BNM Setting new rules for development project empanelment and financing
Since then	BNM Prohibiting any form of interest bearing schemes
	BNM Defining MOF on net house value
	BNM Reducing DSR to maximum 60%

JULY 2014 BLR INCREASED BY 25 BASIC POINTS = +0.25%

FINANCING PROPERTY PURCHASERS

BNM new circular on property loan

Following the Budget 2014 announcement of several measures to curb speculation in the property market, Bank Negara Malaysia (BNM) has on 15 Nov issued a new circular 'Measures to Promote Sustainability of the Property Market' to ensure the long term sustainability of the property market. The mentioned circular also consolidates previous guidelines relating to loan-to-value (LTV) ratio. The new circular took effect from 15 Nov.

1. Restriction on granting of ICS for the purchase of properties.

- Financial institutions are prohibited from granting any end financing facility to any individuals or non-individuals for purposes of financing the purchase of a property that is offered under an interest capitalisation scheme (ICS) or any other permutation thereof, including the developer interest bearing scheme (DIBS).
- Financial institutions are prohibited from granting any bridging financing facility for purposes of financing a property development that offers ICS or any other permutation thereof, including DIBS, on or after the effective date.

2. 'Net selling price', rather than 'gross selling price' to determine LTV ratio.

- For the purpose of determining the LTV ratio, the property value used must be net of any form of price discounts, adjustments, rebates or any other form of benefits from developers which has the effect of distorting the true property value.

FINANCING PROPERTY PURCHASERS

Monthly Gross Income (RM)	Net DSR
<= 2K	45%
2K <=3K	55%
3K <=5K	60%
5K <=10K	80%
10K <=15K	85%
>15K	90%
High Net Worth	100%

FINANCING PROPERTY PURCHASERS

- Property prices
- Household debt

WARN

**60% OF CURRENT
LOAN APPLICATIONS
ARE REJECTED**

LOAN APPLICATION

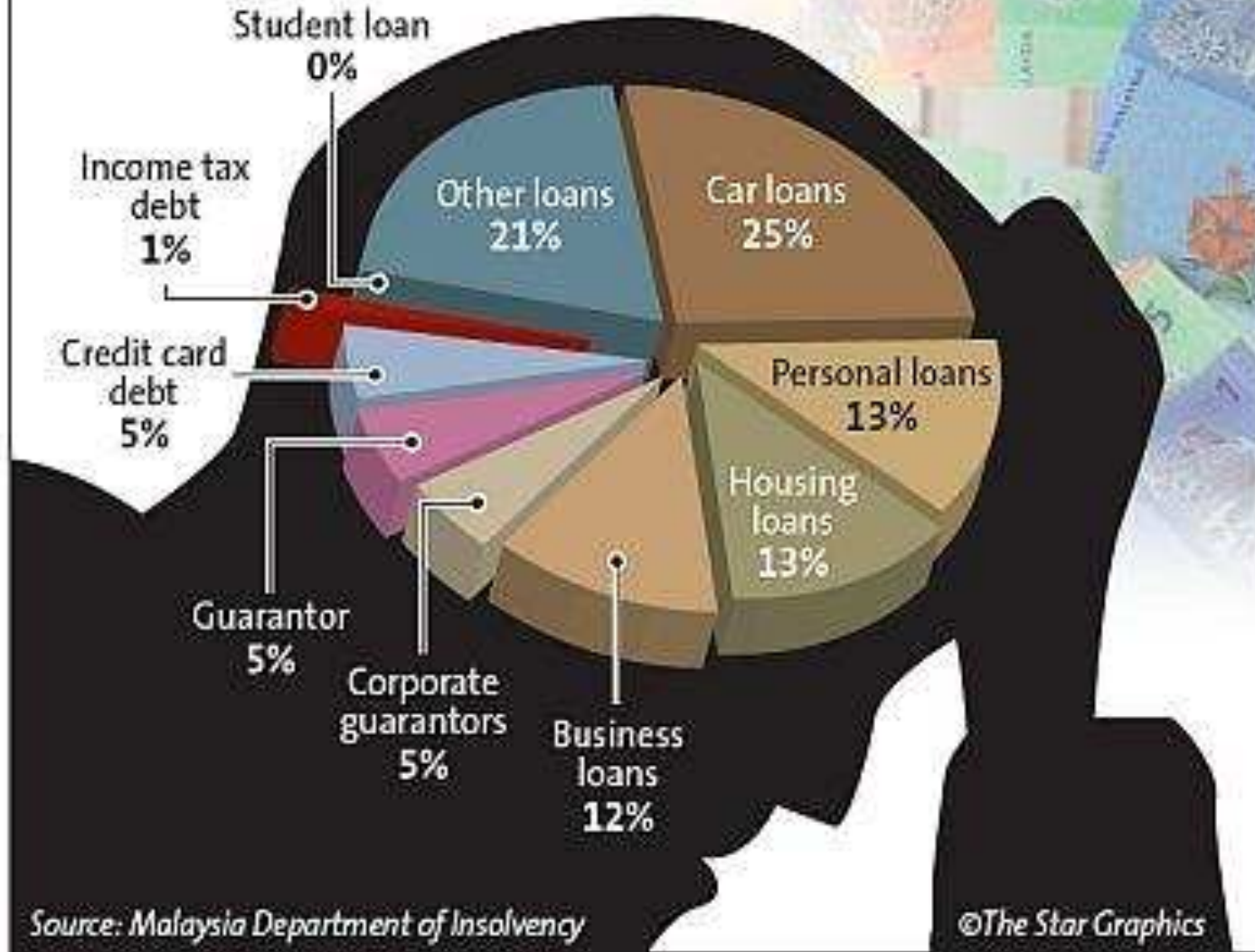
Personal Information

Name (Last)	FUTBOLD	First Name	JOHN
Address (Mailing Address)	12345 MAIN ST	City	NEW YORK
E-Mail Address	JQ@ABC.COM	Phone	212-555-1234
Services needed	UNDER REVIEW	REASON	REJECTED
Current Income		Yearly Or General Estimate (2011) Tax Paid?	Yes No

REJECTED

FINANCING PROPERTY PURCHASERS

Causes of bankruptcy from 2005 to June 2012

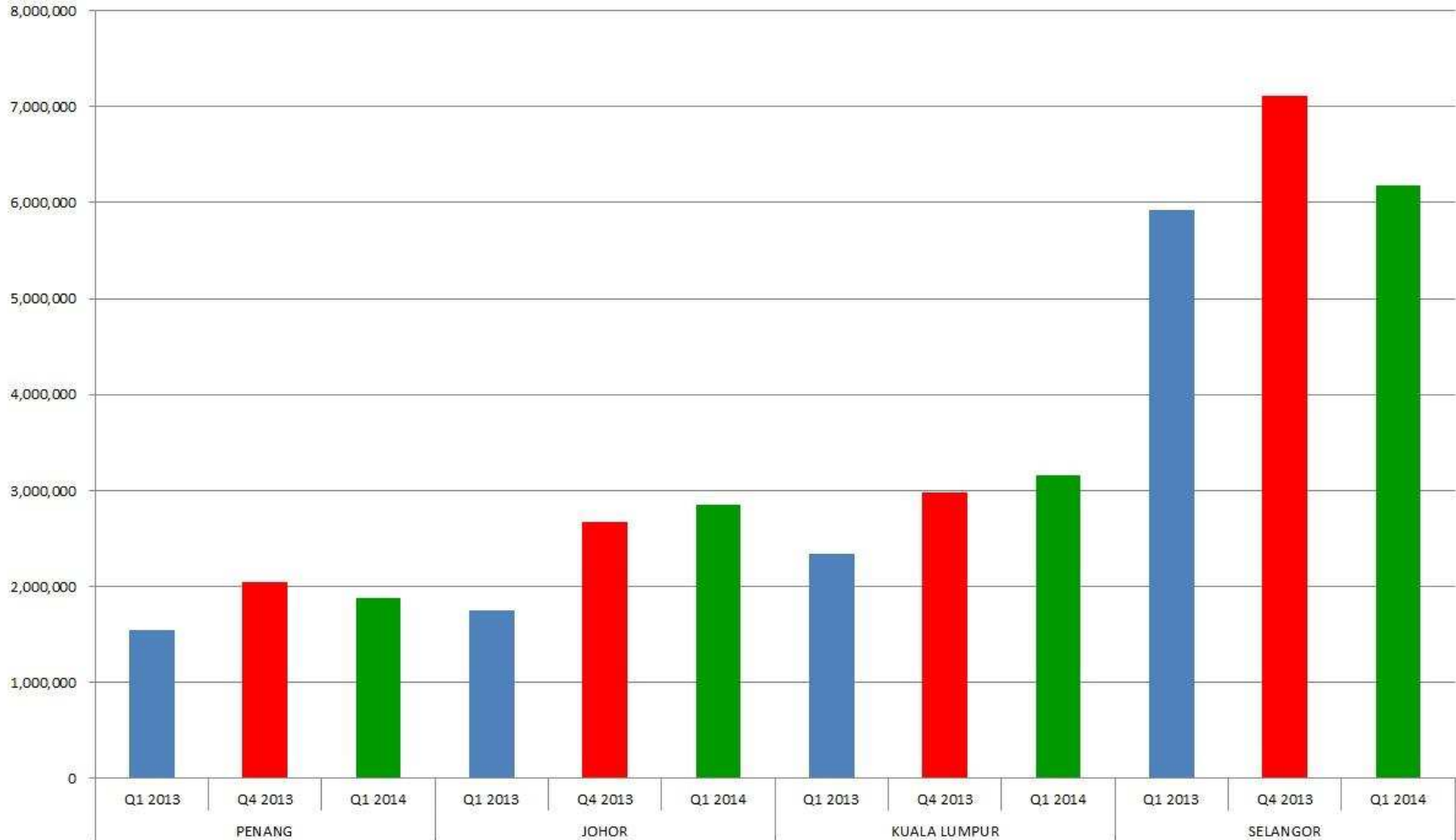


MALAYSIAN PROPERTY MARKET: FACT FILE

RESIDENTIAL CLASS OF VALUE	RESIDENTIAL TRANSACTION IN KUALA LUMPUR			RESIDENTIAL TRANSACTION IN SELANGOR		
	Q1 2013	Q4 2013	Q1 2014	Q1 2013	Q4 2013	Q1 2014
RM0 TO RM100,000	28,990	30,900	22,230	185,210	187,200	163,040
RM100,001 TO RM300,000	218,370	204,620	171,650	1,200,940	1,172,000	1,025,390
RM300,001 TO RM500,000	317,900	390,000	338,470	1,114,920	1,281,300	1,143,820
RM500,001 TO RM1,000,000	590,160	705,130	623,640	1,559,920	2,124,140	1,822,180
RM1,000,001 AND ABOVE	1,180,000	1,650,000	2,000,000	1,855,380	2,345,550	2,021,960
TOTAL	2,335,420	2,980,650	3,155,990	5,916,370	7,110,190	6,176,390

MALAYSIAN PROPERTY MARKET: FACT FILE

VALUE OF TRANSACTION COMPARISON IN SELECTED LOCATIONS Q1 2013 - Q4 2013 - Q1 2014



Source: NAPIC, The Star Publications

CONCLUSIONS

NEED FOR BETTER PERSONAL FINANCE EDUCATION

**SHORT TERM SALE OF PROPERTY CURBING
MEASURES**

FIRST TIME HOUSE BUYERS NEED DIBS

MALAYSIAN REAL ESTATE: HOW

Learn how to be a wise smart property buyer



MALAYSIAN REAL ESTATE: HOW

Learn how to be a wise smart property buyer





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Daniele Gambero

Thank you



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For questions please email to:
daniele.g@reigroup.com.my

