



**VALUATION & PROPERTY SERVICES DEPARTMENT  
MINISTRY OF FINANCE MALAYSIA**



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**PRESS RELEASE  
PROPERTY MARKET IN THE FIRST QUARTER OF 2023**

**Property market activity recorded a decline in Q1 2023**

1. More than 89,000 transactions worth RM42.31 billion were recorded in Q1 2023. This showed a 5.7% decrease in market activity compared to Q1 2022 but the total transaction value increased slightly by 0.8%.
2. The decrease in activity in the residential and agricultural property sub-sectors at a rate of 6.6% and 12.5% respectively compared to last year affected the performance of the overall property market. Nevertheless, the increased activity in the commercial and development land subsectors, which increased by 14.5% and 2.8% in volume and 22.1% and 30.4% in value respectively offset the overall decline.
3. The residential subsector continued to support the overall property market activity with 60.5% share, recording nearly 54,000 transactions worth RM20.87 billion.
4. Seasonal factor in house purchases which is usually low at the beginning of the year, the increase in the Overnight Policy Rate (OPR) and the Consumer Sentiment Index (CSI) decline (Q1 2023: 99.2 points; Q1 2022: 108.9 points) are among the factors that contributed to the decline in residential market activity in particular.
5. However, the number of transactions recorded in Q1 2023 was higher than those recorded in pre-pandemic years.
6. Residential property in the price range of RM300,000 and below recorded 29,560 transactions (54.8%), followed by RM300,001 to RM500,000 with 13,325 transactions (24.7%) and 500,001 and above with 11,038 transactions (20.5%).

### **New residential launches indicated cautious sentiment among developers**

7. The number of new launches recorded nearly 4,700 units, lesser than those recorded in previous years. Sales performance was moderate at 25.7%. The decrease in new launches was in line with the decrease in the number of developers licenses and advertising and sales permits of new housing sales and renewals approved by the Ministry of Development and Local Government from 564<sup>1</sup> (January and February 2022) to 291<sup>1</sup> (January and February 2023).
8. Johor recorded the highest number of new launches in the country at 2,077 units which was about 45% of the total nationwide, with a sales performance of 24.9%. Selangor offered the second highest amount (791 units, 17.0% share) with a sales performance of 37.0%.
9. New launches priced at RM300,000 and below totaled 1,193 units (25.6%) recording a sales performance of 20.2% (242 units) while RM500,000 and above totaling 1,986 units (42.6%) recorded a better sales performance of almost 54.0%.

### **Residential and serviced apartment overhang status continued to be positive**

10. The number of overhang decreased to 26,872 units worth RM18.31 billion in Q1 2023 as a result of market absorption in all states except Selangor. The volume and value of residential overhang decreased by 3.2% and 0.5% respectively compared to Q4 2022.
11. Selangor recorded the highest number and value of overhang in the country with 4,995 units worth RM4.47 billion, which is 18.6% in terms of volume and 24.5% in terms of value across the country. This was followed by Johor (4,759 units worth RM3.94 billion), WP Kuala Lumpur (3,423 units worth RM3.13 billion) and Penang (3,138 units worth RM2.48 billion).
12. The serviced apartment segment also saw a marginal decline in the number and value of overhang units by 3.0% each to 23,267 units valued at RM19.59 billion.
13. Johor recorded the highest number in the country with a share of 58.6% (13,638 units) in terms of number and 60.2% (RM11.80 billion) in terms of value.

### **Construction activity slowed down**

14. In line with the cautious sentiment among developers<sup>2</sup>, construction activity slowed down in Q1 2023. The number of completions, starts and new planned supply decreased by 25.4% (9,911 units), 14.5% (19,861 units) and 22.6% (12,989 units) respectively against the first quarter of last year.
15. The serviced apartment sector also witnessed the same trend of construction activity. The number of completions, starts and new planned supply decreased by 60.3% (3,218 units), 51.8% (1,716 units) and 58.8% (1,645 units) respectively. This is seen as a positive development to balance the unsold supply in the market.

### **Residential prices continued to record marginal growth**

16. The Malaysian House Price Index (MHPI) stood at 210.1 points (RM453,365 per unit) in Q1 2023<sup>P</sup> with a marginal annual growth of 2.0%. The growth ranging from 0.4% to 5.8%, which was recorded in all states except Sarawak, has stabilized the overall house price index. This annual growth was almost similar to the pre-pandemic growth.
17. High Rise Unit Price Index recorded an annual growth of 5.3%, supported by the double-digit increase in the Petaling area (Selangor) and island parts (Penang). Terraced House Price Index recorded a growth of 2.3% while the Detached House Price Index and Semi-Detached House Price Index recorded a slight decrease of 2.2% and 0.2% respectively.

### **Occupancy of private purpose-built office and shopping complex increased marginally**

18. Private purpose-built office recorded an occupancy rate of 71.9% in Q1 2023, up less than 1% from Q4 2022. Unoccupied office space remained high at 5.17 million square meters.
19. The occupancy rates of WP Kuala Lumpur and Selangor increased slightly to 72.8% and 67.4% respectively. WP Kuala Lumpur recorded the highest available space (2.53 million square meters) involving 290 buildings, followed by Selangor (1.40 million square meters) with 192 buildings.
20. The shopping complex segment also saw a marginal increase in occupancy rate to 76.0% in Q1 2023. Unoccupied retail space totaled approximately 4.2 million square meters.

21. WP Kuala Lumpur and Selangor occupancy rates increased slightly to 82.9% and 80.1% respectively in Q1 2023. Selangor recorded the highest available retail space nationwide (0.79 million square meters) with 146 buildings followed by WP Kuala Lumpur (0.56 million square meters) with 97 buildings.
22. The purpose built office (private) and shopping complex segment in WP Kuala Lumpur and Selangor should be given attention as there is surplus of space, which is expected to be severely affected by the inflow of new supply this year. Both parties, namely developers need to be more thorough and cautious before planning any new developments while the local authorities need to evaluate in detail before approving each new project.

**Property market is expected to remain cautiously optimistic**

23. The gradual increase in the Overnight Policy Rate (OPR) since May 2022 is expected to have an impact on property market activity, particularly on residential demand. In addition, the outlook of the workforce in the construction sector and the increase in the prices of building materials will also affect supply.
24. The country's economic and financial developments are the internal factors that will have an impact on the real estate sector and the sentiment of industry players as well as the external factors such as the global financial and economic situation. Looking at the national economy which is projected to grow by 4.0% to 5.0% in 2023 supported by continued resilient domestic growth prospects, the property market is expected to remain cautiously optimistic in 2023.

**National Property Information Centre (NAPIC)**  
**Valuation & Property Services Department**  
**Ministry of Finance Malaysia**  
**15<sup>th</sup> May 2023**

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<sup>1</sup> *Jadual 3.5.5 Penunjuk Sektor Pembinaan, Monthly Highlights & Statistics in March 2023, BNM*

<sup>2</sup> *REHDA Property Industry Survey 2H 2022 and Market Outlook for 2023*