

## House prices in KL, Georgetown are most 'unaffordable'



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By IZZAT RATNA / Pic By AFIF ABD HALIM

**Bank** Negara Malaysia (BNM) has confirmed what the public has been saying — house prices at certain cities in the country are beyond the reach of the average earning Malaysians.

House prices in Kuala Lumpur (KL) City, Petaling, Johor Baru and Georgetown “are most unaffordable” in comparison to the household income levels.

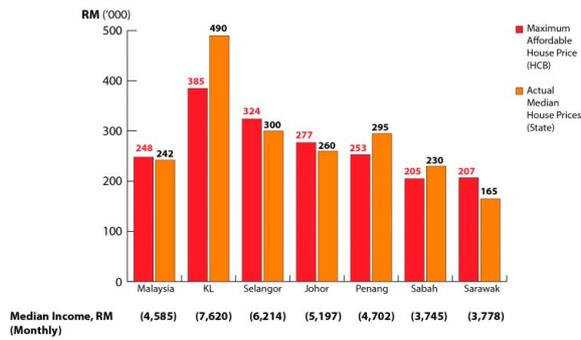
The central bank data on housing affordability published at [www.housingwatch.my](http://www.housingwatch.my) showed that in 2014, the median house price in Malaysia was RM242,000 and it was considered affordable as the median household income was RM4,585.

“However, the prevailing market prices in key urban employment centres were beyond the means of households with varying degrees of severity across locations,” according to the site.

Houses in KL, Penang and Sabah were unaffordable based on the income levels of households.

“The situation was more acute in key city centres. House prices were most unaffordable in Georgetown, which had the highest median house price (RM600,000) and the lowest median income level (RM4,792),” the site’s data revealed with the actual maximum affordable house price (HCB) in the capital of Penang at RM256,000.

**Actual Market House Prices and Maximum Affordable House Prices by Key States in 2014**

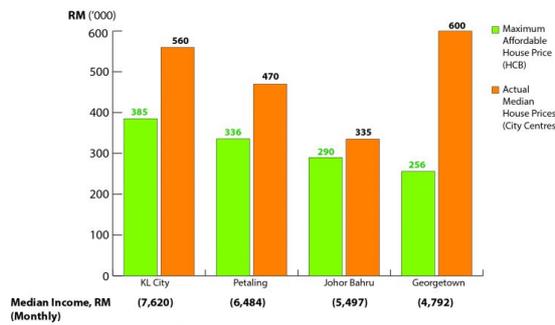


KL City did not fare any better. The actual median house price in KL City was RM580,000, while the maximum HCB was RM385,000. However, KL City recorded the highest monthly income of RM7,620 with Georgetown at RM4,792.

The situation was no different for Petaling with the actual median house price at RM470,000, while the buyers could only afford houses at RM336,000 with a medium monthly income of RM6,484.

Johor Baru also fell into the category of most unaffordable with actual median house price at RM335,000 while maximum HCB was only RM290,000. The median for households' monthly income in Johor Baru was RM5,497, the third-highest in Malaysia.

**Actual Market House Prices and Maximum Affordable House Prices by Key City Centres\* in 2014**



\*Source: National Property Information Centre (NAPIC), Department of Statistics Malaysia (DOSM) and BNM Estimates

Property consulting firm Khong and Jaafar Sdn Bhd MD Elvin Fernandez said that over the last decade, the household income has not been able to rise to meet the rising house prices.

"In more developed countries, these relationships exist as the economic conditions are more balanced compared to Malaysia.

"However, as the country is a rapidly developing nation, I doubt we can get an ideal long-run conditions in the housing market," he told *The Malaysian Reserve*.

Over the last decade, there was a boom in the property market, especially with the supply of units priced at RM1 million and above flooding the market.

However, he said, the current situation has forced developers to shift towards building homes at prices that match the median household income.

"While this shift occurs, there is bound to be a dislocation in the market as this structural shift takes a long time to complete. It will not happen overnight," Fernandez said.

CBRE-WTW Sdn Bhd MD Foo Gee Jen said the current economic climate and market volatility would not allow developers to rapidly bring down the overall house prices.

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