

Impending transformational changes in the Malaysian Property Market, going forward?

On a global perspective, analysts generally agree today that there has been a slowing down in the rate of decline of economies and markets since the heyday of the 2008 global financial crisis. Not all agree however that the slowing down means a bottoming out. Some analysts think that while the rate of decline has slowed for economies and markets around the world they may slip further before touching bottom, and then hopefully, rebound. Others are more optimistic and enthuse in the "green shoots" they see, premised on recent favourable signs in the credit markets and in the stock markets.

The Malaysian Property Market, like all other submarkets do reflect the fundamentals and sentiment that flow down from this global perspective, although there are distinguishing local features that weigh in as well. Chief of these distinguishing features today is the fact that both the commercial and residential subsectors in Malaysia did not soar in tandem with their regional peers in the period before the crisis and thus are not generally viewed as markets in substantial bubble territory for any significant bursting to take place. The slowdown and descend post the crisis has been clearly discernable only in the forefront submarkets, for example the high end condominium market in Kuala Lumpur which is 15 to 20% down from its peak. There are other less discernable weaknesses that may show itself should the downturn continue, and a prime submarket for this could be the office market. Mass housing is usually the last bastion, supported as it is, largely by owner occupiers and it is usual for it to withstand weak market fundamentals and sentiment better and longer before resuming growth, to the extent that many do not usually detect its glacial pace and which then gives rise to the notion that you cannot lose in brick and mortar!

This year's National Real Estate Convention, jointly organised by the Association of Valuers and Property Consultants in Private Practice Malaysia (PEPS) and the Institution of Surveyors Malaysia (ISM), scheduled to be held at Kuala Lumpur Convention Centre on 11 and 12 August is an attempt to look at any fractures and fissures in the market post the crisis and is thus themed "Recalibrating the fundamentals in the Malaysian Real Estate Market". The organisers believe that as a result of the crisis and the transformational steps being taken by the Malaysian Government to fine-tune our economic model, the seeds for transformation are being sowed in the Malaysian Property Market as well. The recalibration of the fundamentals in the market has begun and it will accelerate in the coming years.

The National Property Information Centre or NAPIC, will lead the analyses of the property market and it will be timely because by then the data stream from the first half of the year will be ripe for dissection. There are many other issues which have real estate as a backdrop and they will be examined. They include a look at a possible structural change in the way hotel owners and hotel operators are redefining their traditional model, the likely retooling of the REIT industry in the wake of its own credit crisis and exposure of structural cracks, the possible fillip to the Malaysian real estate stemming from the mass migration to the services sector for economic growth and how that may come about through the strongly supported education hub and medical tourism, and not forgetting the change about to happen with the 2012 full adoption of the International Financial Reporting Standards and its corollary "fair value" concept which has major implications for real estate in balance sheets and income statements. The Convention will also take close looks at three separate regional markets in Malaysia, namely Penang, Iskandar and East Malaysia and two specific areas, namely the real estate potential and aspects of golf and the rising Indonesian Real Estate market as a major third regional frontier, to China and India.

The brochure of the Convention (see www.nrec.org.my) promises all participants that they will additionally get a report of findings, after the convention. The findings will also be sent, widely, to all as many decision makers and policy makers as identifiable, insofar as Malaysian Real Estate is concerned. Any enquires with regard to the Convention can be directed to Amanda at 2282 9699 or Mobile 019 265 6632 or Susan 2145 0952 or 016 288 4683.