# An overview of the Malaysian housing market from 2000 to 2025



Between 2000 and 2025, the Malaysian housing market has undergone substantial changes, influenced by a combination of economic factors, government policy shifts, and demographic changes. Throughout this period, Malaysia's economic landscape fluctuated in alignment with global economic trends, generating distinct impacts on the housing sector. Notably, urbanisation, population growth, and increasing household incomes have served as primary drivers for housing demand. However, these factors have also contributed to escalating housing prices, resulting in diminished affordability for many potential homeowners.

In the early 2000s, house prices began a dramatic ascent, with the increase becoming particularly pronounced by 2016 when prices were reported to be 2.4 times higher than they were in 2000. Analysis indicates that from 2002 to 2014, house prices surged at a compound annual growth rate (CAGR) of 26.5%, whereas income growth during the same period was limited to just 11.7%. This marked imbalance has had considerable repercussions on homeownership rates, which fell from 4.1% in 2002 to 5.1% in 2014, before experiencing a slight recovery to 5.0% in 2016.

Recognising the challenges related to housing affordability, the Malaysian government has initiated several policies aimed at enhancing living conditions. Central to these efforts is the National Housing Policy (NHP) that operates from 2018 to 2025, focusing on planning and facilitating affordable housing developments. Programs such as the People’s Housing Programme (PPR) play a vital role in providing low-cost housing options for low- and middle-income families.

Despite these interventions, challenges persist within the housing market. As reported in mid-2023, only 50,036 residential units were available, while demand for the Rumah Selangorku housing initiative exceeded 83,603 units. Moreover, over 25,311 completed units remained unsold, suggesting a significant surplus in certain regions, which complicates the overall housing situation.

To primarily address issues of affordability and access, the NHP 2018-2025 specifically targets the bottom 40% income group, designated as B40. The strategy aims to alleviate the gap between demand and supply, especially to enhance homeownership rates among low-income households. Innovative initiatives under the NHP include the Rent to Own (RTO) Scheme, allowing families to rent homes for five years with subsequent options for purchase. In addition, the National Home Ownership Campaign is promoting affordability by offering stamp duty exemptions for first-time buyers of houses valued under RM500,000. The government has allocated RM1 billion through Bank Negara Malaysia to support first-time homebuyers with monthly incomes less than RM2,300, enabling access to homes priced between RM150,000 and RM300,000 at concessionary financing rates.

While the NHP has made progress in enhancing housing access for low-income families, existing issues, such as the supply-demand mismatch, persist. Less than 20% of launched projects in recent years comprise affordable homes priced below RM200,000, creating additional barriers for potential buyers. Economic strains, exacerbated by the COVID-19 pandemic, have contributed to job losses and income reductions, complicating the circumstances for first-time buyers seeking affordable housing. The ongoing problem of property overhang remains significant, as Q3 2023 indicated over 25,000 unsold residential units valued at RM17.4 billion, many of which exceed the financial abilities of low-income families.

Factors influencing purchasing capability in the Malaysian market include interest rates, economic growth, and employment figures. Reports show a revival in the market, with 399,000 property transactions recorded in 2023, translating to a total value around RM200 billion. Nevertheless, soaring average house prices reached RM467,144 in 2023, reflecting an average annual growth rate of 3.2%.

Looking towards the future, the Malaysian property market is anticipated to evolve with an emphasis on sustainability and innovation, drawing interest from both local and international investors, particularly in developments that meet green certification standards. Additionally, the Malaysian government's initiatives aimed at bolstering connectivity and infrastructure are expected to play pivotal roles in shaping future demand.

Since the implementation of the National Housing Policy, there has been a slight improvement in overall homeownership rates. However, continuous rises in house prices and existing supply-demand imbalances underline the pressing challenges that need to be addressed. Ongoing efforts must centre on creating affordable housing solutions and effectively executing financial assistance programs aimed at facilitating homeownership for all Malaysian citizens.

In summary, the developments within the Malaysian housing sector from 2000 to 2025 reveal significant challenges and opportunities, indicating a need for adaptive measures concerning urban development, policy implementation, and the provision of housing. With the government’s ongoing strategies and initiatives, ensuring accessibility and affordability remains a critical focus for the future of the housing market in Malaysia.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://aparthotel.com/analyze/malaysia/> - This URL supports the claim about the historical growth rate of Malaysia's housing prices, which averaged 4.4% from 2000 to 2025, and highlights factors influencing the market such as economic conditions and government policies.
* <https://www.asiapropertyawards.com/en/navigating-malaysias-real-estate-maze-in-the-age-of-rising-rates/> - This URL corroborates the challenges faced by Malaysia's property market due to rising interest rates and housing affordability concerns, as well as the impact of global economic trends.
* <https://www.globalpropertyguide.com/asia/malaysia/price-history> - This URL provides data on the recent slowdown in Malaysia's house price index growth, which aligns with the article's discussion on the challenges in the housing market, including affordability and supply-demand imbalances.
* <https://www.propertyguru.com.my/property-news/2023/10/243190-transactions-worth-rm94-27-billion-recorded-in-malaysia> - This URL supports the information about the significant number of property transactions in Malaysia, reflecting a strong market despite challenges such as overhang and affordability issues.
* <https://www.thestar.com.my/business/business-news/2023/09/25/malaysias-housing-market-expected-to-stabilise> - This URL discusses the stabilization of Malaysia's housing market and the government's efforts to address affordability issues, aligning with the article's focus on policy interventions.