

LIVING WITHIN THE VALLEY

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Basic Information

The city of Kuala Lumpur (KL) was founded at the banks of two rivers in the early 19th century. It is the only alpha city in Malaysia. The influence of the city grew beyond its borders and fused with surrounding territories of Selangor to become the Klang Valley (Greater KL); which is sub-grouped into KL, Putrajaya, and Selangor.

The Valley only accounts for a small portion of Malaysia's land mass but is leading the country in many different ways. They include productivity, healthcare, population size, concentration, urbanization, job opportunities, income, and property market. The Valley's property value made up 20% of its GDP output for 2013. The amount of activity was higher in the area as well with greater percentile of property transactions per population. However, this rate of increment is diminishing slowly.

Residents in Klang Valley preferred to dwell nearer to the centre of commercial activities (KL town area). Such districts consist of Petaling and Ulu Langat from the perspective of Selangor. On the other hand, Malaysia's population is aging slowly (but still in its early stages). Median age was 26.2 in 2010. Higher number of the population are leaving childhood and entering the workforce. This is the same for Klang Valley. As for ethnicity, the Valley has a higher share of minorities than Malaysia as a whole.

The LQ/H ratio which came in at 1.15 for Klang Valley has confirmed that there are no current shortages of houses in this area. However, the stock availability is not very high. An exception was noticed in the district of Putrajaya which recorded a high LQ/H ratio when compared to the rest of the Klang Valley. The reading of 1.26 suggests that this area might be showing signs of excess residential properties.

Property Market

The property market is highly cyclical with a high correlation between volume and value. However, this trend was not observed in 2013. Value increased moderately, while volume dropped considerably. Average price per transaction had the best run in the 10 years being reviewed. Nonetheless, the residential sector was more resilient compared to the rest of the market.

Residential sector made up the bulk of the total property market in Malaysia as well as Klang Valley. The combined residential number of transactions in the Valley accounted for 33% of the total transactions of Malaysia. Turnover rate was fair at 3.46%, but has declined slightly in terms of YOY. While percentage of unsold new launches were at the bottom of the country's list. Within the vicinity of the Valley, a slow trend was seen where the total weightage of residential market was slowly shifting towards commercial.

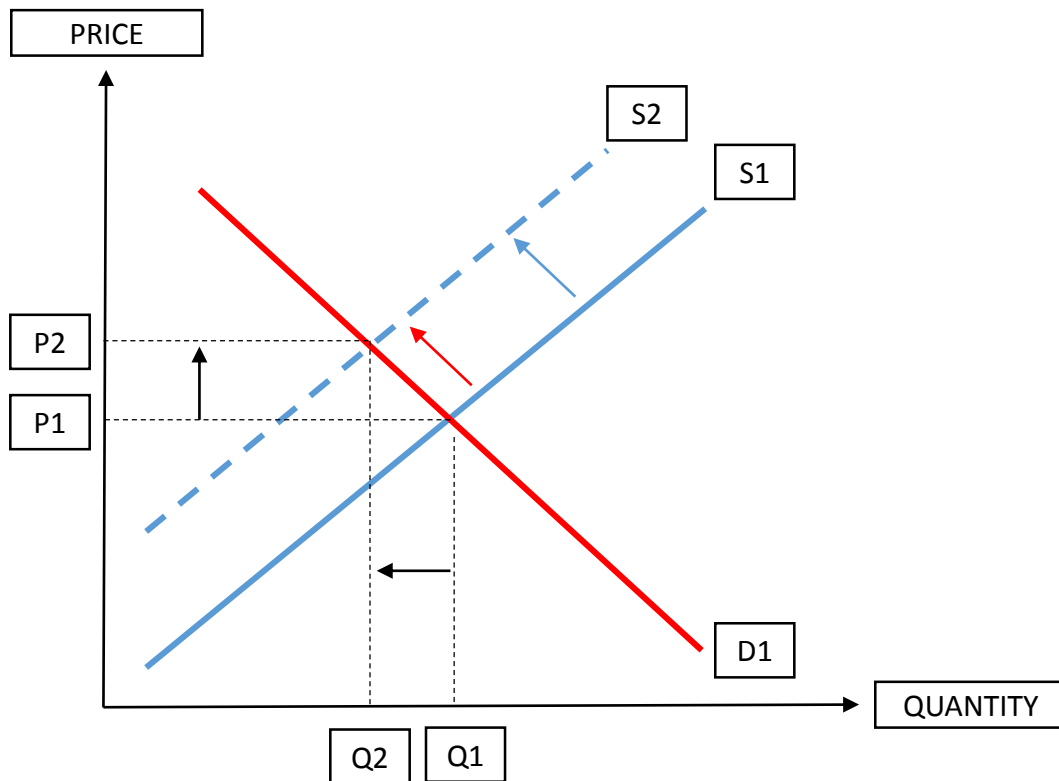
The state of Selangor held the majority of residential transactions in the Valley due to its large land area. The recent YOY decline in transacted volume was most evident in Putrajaya (-42%) and KL (-34%). The entire Valley was declining at a faster rate than the country. Unlike volume, Klang Valley's average price per transaction was increasing at a quicker pace than Malaysia; led by Putrajaya in Q1 2014.

Klang Valley provides 35% of the total residential supply in Malaysia, which is quite comparable to the number of transactions (33%) as mentioned earlier. IS/ES and PS/ES ratios of the Valley were slightly lower than the national average except for Putrajaya which has high incoming and planned supply ratios. YOY change for the area's IS/ES ratio was increasing slowly in tandem with the national average, whereas YOY change for PS/ES ratios of the Valley was declining faster than Malaysia. Putrajaya was again seen moving at a faster rate than the rest of the Valley members.

Distribution of transactions were quite even for all the price range in the Valley. The highest share was captured by the price range of RM 500,001 – 1,000,000. Overall, the price range was slightly skewed to the left, which put more emphasis on higher price range. Two of the most preferred house type in Klang Valley were condominium and apartments, and 2 – 3 storey terrace houses. Almost all house types recorded positive YOY changes for average price per transaction but the rate of increment seemed to be slowing down in the near term when compared to QOQ.

Some local variations were observed within the Valley. For instance, Strata properties were more preferred in KL, and landed properties were dominant in Putrajaya. Emphasis in higher price range (RM 500,001 and above) was more noticeable in Putrajaya. In addition, gross rental yields for strata properties were higher than landed properties in the Valley.

Figure 1: Supply and Demand curves of current Residential Sector in Klang Valley.



A summary of the current residential market in Klang Valley can be illustrated in the supply and demand curves of Figure 1.

As prices of houses rose dramatically in recent years, there was a movement along the demand curve (D1); which resulted in a reduction in quantity demanded. Under normal circumstances, suppliers would increase quantity supplied due to higher prices. However, fearing of an emerging bubble and to maintain profit margins; developers reacted to the market by reducing supply of houses to the market through various methods (such as; by delaying new launches and initiate new projects in other states). This caused the supply curve to shift to the left (from S1 to S2).

A new equilibrium point was formed; which caused prices to further increase from P1 to P2, and quantity to dropped from Q1 to Q2. This explains the phenomena of increasing average price per transaction and decreasing transaction volume in recent times. Nonetheless, the coherent implementation of affordable housing schemes might just tilt the scale and caused a shift of the supply curve to the right; thus increasing quantity demanded and reducing prices.

The year was 1850, settlers were seen amassing at the confluence of two rivers (Sungai Gombak; previously known as Sungai Lumpur and Sungai Klang). Like the dawn of most great civilizations, a sleepy and backward tin mining town was born in the midst of the early 19th century. This shabby town known as Kuala Lumpur (better known as KL) will eventually develop into the most important city of Malaya and then Malaysia.

The importance of the city was first reflected in 1880, when the state capital of Selangor was moved from Klang to KL. In 1972; KL achieved the status of a city, 1974; became a federal territory, and in due course ceased to be the capital of Selangor in 1978; in which Shah Alam was the successor (Bluedale Publishing, 2013).

According to the GaWC study in 2012, KL is the only alpha city in Malaysia; which is comparable to other major cities such as Los Angeles, Chicago, Toronto, and Madrid. Other sufficiency cities worth mentioning include Penang, Johor and Labuan which are in an entire different league (Loughborough University, 2012).

The influence of Kuala Lumpur grew beyond its traditional borders, engulfing neighboring suburbs (Selangor) to eventually become the Klang Valley or Greater Kuala Lumpur. In geographical terms, the valley is bordered by the Titiwangsa Mountains in the east and the Straits of Malacca in the west. Development borders ranged from Rawang in the north, to the borders of Negeri Sembilan in the south (Sepang); and from Port Klang in the west, to Gombak in the east.

There is no current official designation of boundaries for the Klang Valley and groupings of selective areas could be highly subjective. For the purpose of studying the housing market, these selective areas are grouped according to the National Property Information Centre (NAPIC, 2014). They include:

1. Federal Territory of KL

(KL town area, KL, Petaling, Cheras, Setapak, Ulu Klang, Batu, and Ampang)

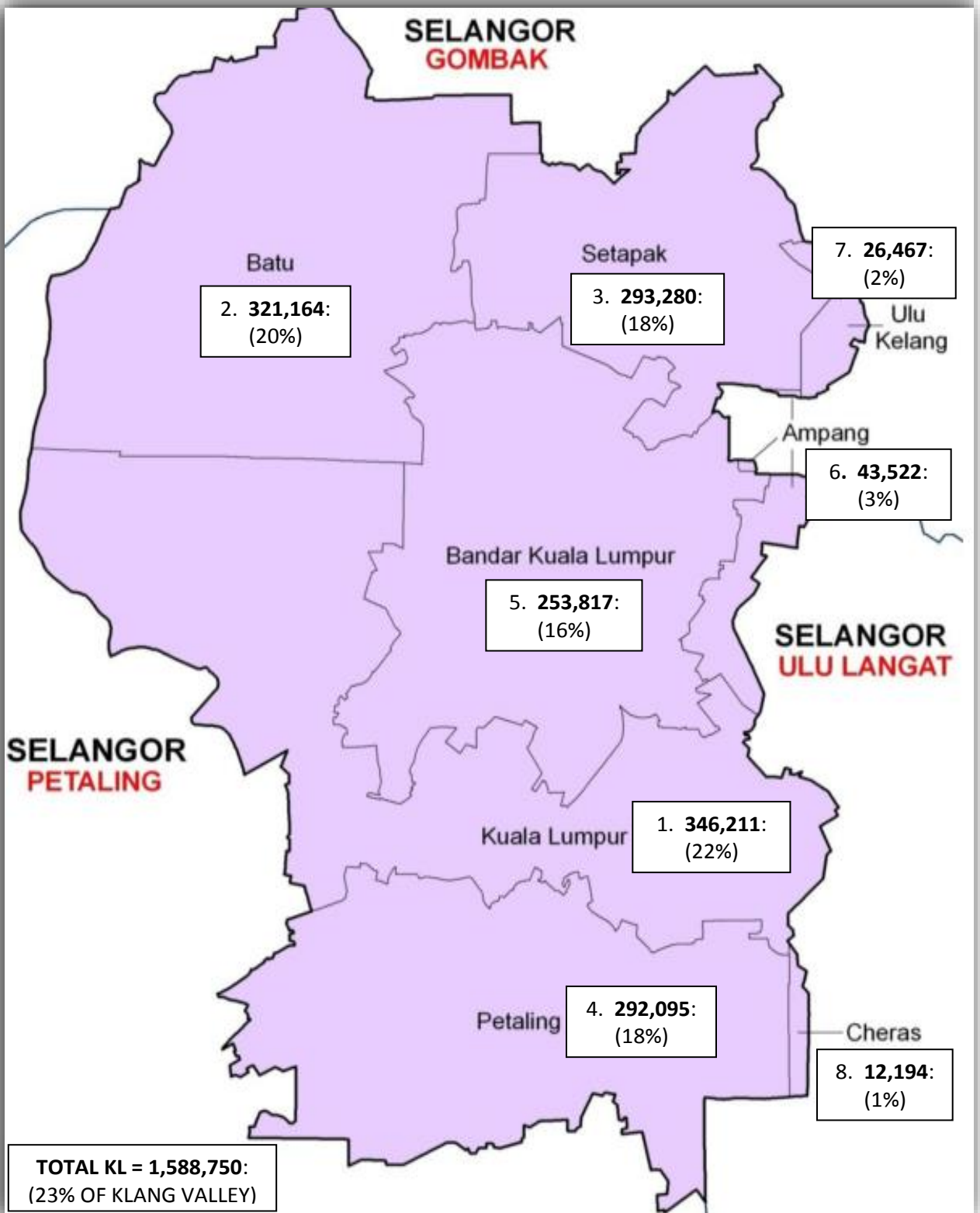
2. Federal Territory of Putrajaya

3. Selangor

(Petaling, Klang, Kuala Langat, Kuala Selangor, Sabak Bernam, Gombak, Hulu Selangor, Hulu Langat, and Sepang)

Components of the Valley

Figure 2: Map of Kuala Lumpur's districts (2010 Population and Weightage in brackets) (Department of Statistics Malaysia, 2014).



Components of the Valley

Figure 3: Map of Selangor's districts (2010 Population and Weightage in brackets) (Department of Statistics Malaysia, 2014).

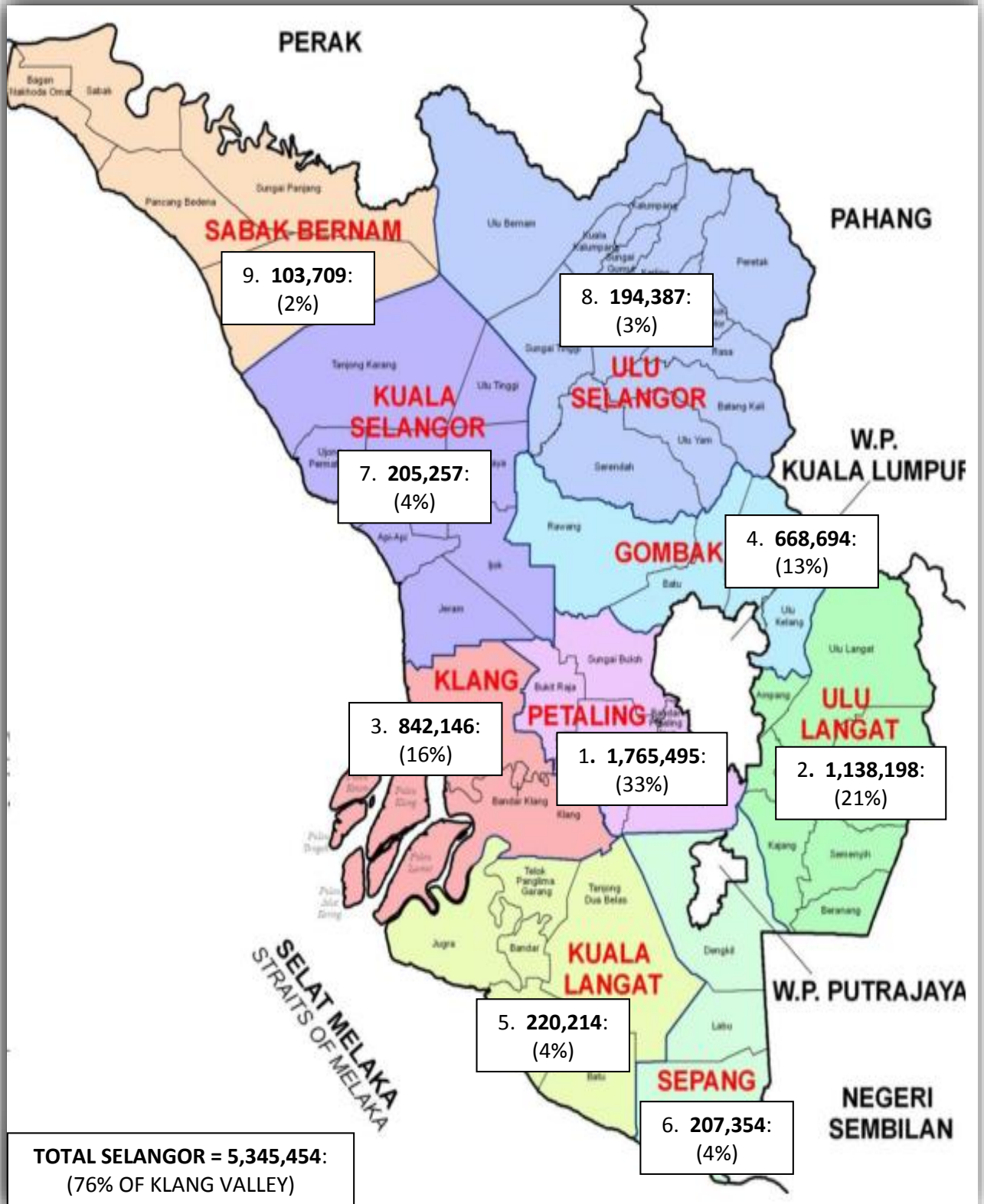


Figure 4: Map of Putrajaya's districts (2010 Population and Weightage in bracket) (Department of Statistics Malaysia, 2014).

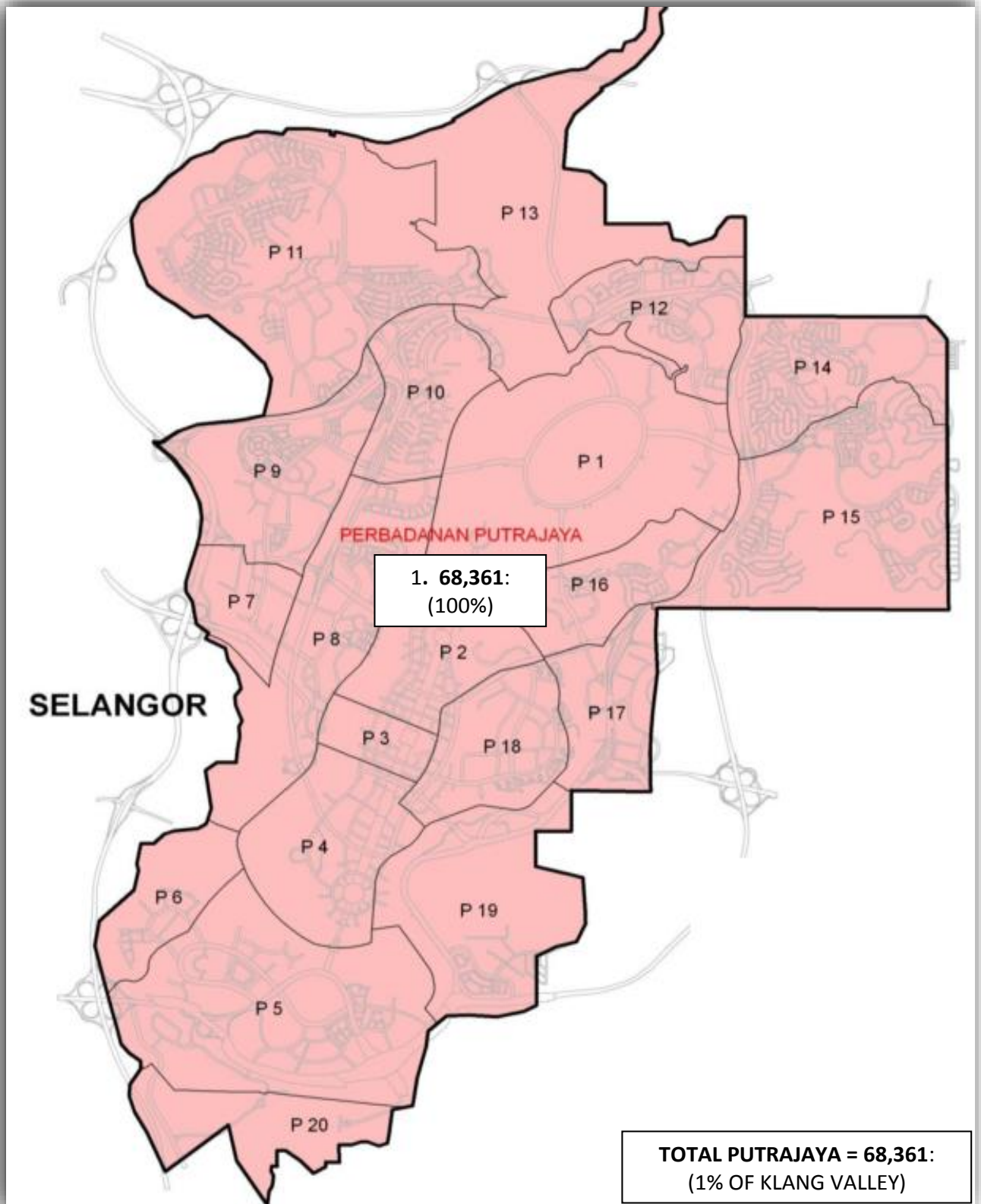


Table 1: Depiction of Klang Valley and Malaysia (2012) (Department of Statistics Malaysia, 2014).

DEPICTION	KL	PUTRAJAYA	SELANGOR	TOTAL	MALAYSIA	%
1. AREA (KM²)	243	49	7,930	8,222	330,290	2.49
2. POPULATION (MILLION)	1.71	0.08	5.70	7.49	29.52	25.37
3. AVERAGE ANNUAL POPULATION GROWTH RATE (%)	1.00	5.40	1.70	1.58	1.60	-0.02
4. TOTAL FERTILITY RATE	1.70	2.70	1.90	1.86	2.10	-0.24
5. LIFE EXPECTANCY (YEARS)	75.90	N/A	75.50	75.59	74.63	1.29
6. GDP						
(A) GDP AT CONSTANT 2005 PRICES (RM MILLION)	114,106	N/A	176,239	290,345	751,471	38.64
(B) GDP PER CAPITA AT CURRENT PRICE (RM)	73,970	N/A	35,832	50,820	30,956	64.17
(C) GDP GROWTH RATE (%)	7.2	N/A	7.1	7.14	5.60	1.54
7. EMPLOYMENT						
(A) LABOUR FORCE ('000)	846.50	41.20	2,828.70	3,716.40	13,119.60	28.33
(B) PARTICIPATION RATES (%)	67.70	80.90	69.90	69.52	65.50	4.02
(C) UNEMPLOYMENT RATE (%)	2.70	1.50	2.30	2.38	3.00	-0.62

According to table 1, it is worth noting that the current Klang Valley has a combined land area of 8,222 km², which is only 2.49% of the country's total land mass. However, the subsequent data of the area is not proportional to its land size. The valley is home to more than a quarter of the country's total population, produces about 38.64% of the country's GDP, and supplies 28.33% of Malaysia's total labour force.

Average annual population growth rate and total fertility rate are -0.02% and -0.24% respectively lower than the national readings, whereas life expectancy is 1.29% higher. This might suggest better family planning and healthcare.

GDP growth rate of Klang Valley is 1.54% higher than average and GDP per capita recorded an astounding 64.17% greater than the country's mean. Such data illustrates the importance of Klang Valley as the leading production region in the country with high standards of living. Job opportunities are greater as well in the Valley than other parts of the nation with participation rate of 4.02% higher and unemployment rate of -0.62% lower than the national average.

Table 2: Continuation of Economic Data (2013) (Department of Statistics Malaysia, 2014).

DEPICTION	KL	PUTRAJAYA	SELANGOR	TOTAL	MALAYSIA	%
1. GDP (NOMINAL) (RM BILLION)	142.88	N/A	220.68	363.56	940.97	38.64
2. PROPERTY MARKET VALUE (RM BILLION)	22.349	0.45	49.24	72.039	142.84	50.43
3. PROPERTY MARKET VALUE/GDP (NOMINAL) (%)	15.64	N/A	22.31	19.81	15.18	4.63
4. DENSITY (PER KM ²) (2010)	6,891	1,478	674	2101.96	86.44	2,331.69
5. URBANISATION RATE (%) (2010)	100.00	100.00	91.40	93.46	71.00	22.46

Besides contributing a large portion of the nation’s GDP, the Valley’s property market is the backbone of the country’s development. In 2013, the area’s combined nominal GDP and property market value accounted for 38.64% and 50.43% of that of the nation; with its property market growth rate and prices increasing faster than its GDP growth rate.

The Valley’s property market made up a higher share of the local economy; ratio of property market value per GDP was 19.81%, which was 4.63% higher than Malaysia. Population density and urbanization rate were 2101.96 person per km² and 93.46% respectively. They were 2,331.69% and 22.46% higher than Malaysia’s average. Such figures depict that Klang Valley is a highly concentrated and urbanized area in the context of a nation.

The Valley’s property market was noticed to be more vibrant than the national average. Number of property transactions per 100 population =

2013: (**Klang Valley**): **1.40**; (Malaysia): 1.30

2012: (**Klang Valley**): **1.70**; (Malaysia): 1.50

However, it was noticed that the transacted volume of property market in Klang Valley was cooling at a faster rate than the country’s mean. The Valley was one of the most severely affected area in Malaysia; YOY change for number of transaction was recorded at -19.57%, which was worse off than the country’s mean of -10.85%. Whereas value of transactions underwent a -7.01% correction last year, compared to a 6.67% increment for the nation (JPPH, 2014).

Table 3: Grouping of Household and Living Quarters by State (2010)
(Department of Statistics Malaysia, 2014).

DISTRICT	HOUSEHOLD (H)	%	LIVING QUARTERS (LQ)	%	PERSON / H	PERSON / LQ	LQ / H
KL	419,187	23.56	468,325	22.79	3.79	3.39	1.12
PUTRAJAYA	19,511	1.10	24,590	1.20	3.50	2.78	1.26
SELANGOR	1,340,818	75.35	1,562,360	76.02	3.99	3.42	1.17
TOTAL	1,779,516	100.00	2,055,275	100.00	3.94	3.41	1.15

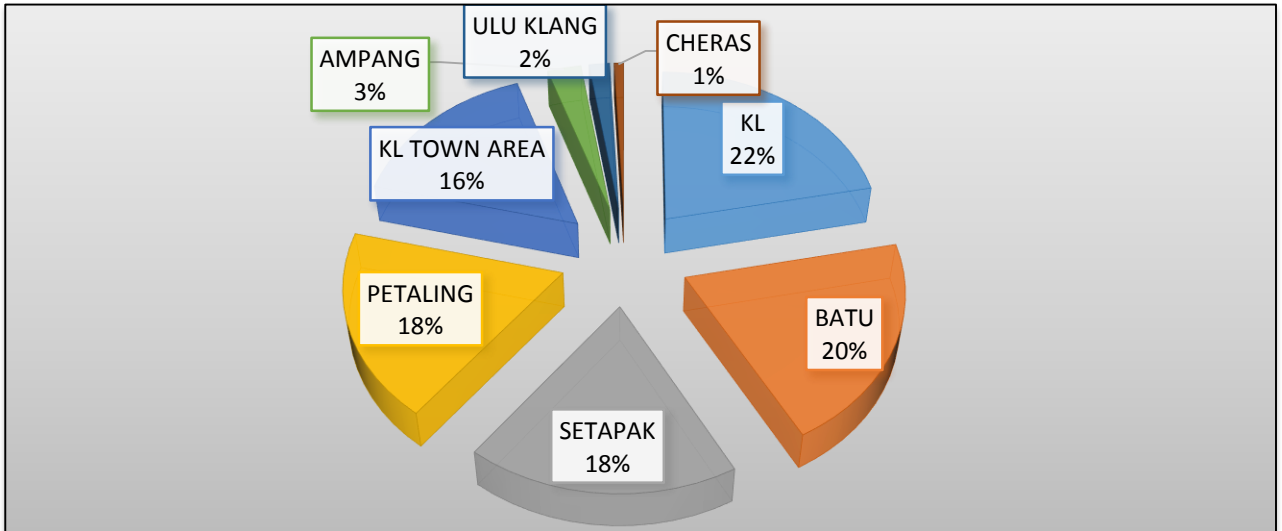
- Ratio of existing residential stock per 100 population = **(Klang Valley): 24;** (Malaysia): 16.
- Ratio of total population to number of person per household = **(Klang Valley): 1,901,015** unit of houses (breakeven point); assuming household size is held constant.
- Existing residential stock = **(Klang Valley): 1,787,212** unit of houses (an additional of 113,803 units is required to reach breakeven point); assuming household size is held constant.

As expected, Selangor recorded the highest count for both the number of household (1,340,818: 75.35%) and living quarters (1,562,360: 76.02%). Coming in second was the district of Kuala Lumpur with 419,187 households (23.56%) and 468,325 living quarters (22.79%). Putrajaya only accounted a small portion of the pie; with households and living quarters slightly over 1 percent of Klang Valley.

In tandem with the trend, Selangor has the highest ratio of person per household and living quarters, followed by Kuala Lumpur, and Putrajaya. The overall readings for Klang Valley were 3.94 person per household and 3.41 person per living quarters. The combined LQ/H ratio which came in at 1.15 for Klang Valley has confirmed that there are no current shortages of houses in this area. However, the stock availability is not very high.

It is anticipated that there could be a high possibility of smaller household size in the future. Such a reduction in the number of person per household would directly increase the demand for new living quarters and strain the existing housing stock in the market. An exception was noticed in the district of Putrajaya which recorded a high LQ/H ratio when compared to the rest of the Klang Valley. The reading of 1.26 suggests that this area might be showing signs of excess residential properties.

Figure 5: Breakdown of Kuala Lumpur's population by district (2010) (Department of Statistics Malaysia, 2014).



It may seem logically that most inhabitants will usually reside around the central hub of commercial activities. In the context of Klang Valley, this area of central activities is the Golden Triangle (Kuala Lumpur city centre) or more generally known as KL town area. In the case for Selangor, districts nearer to KL such as Petaling and Ulu Langat have higher number of residents than Sabak Bernam and Ulu Selangor which are further away.

Figure 6: Breakdown of Selangor's population by district (2010) (Department of Statistics Malaysia, 2014).

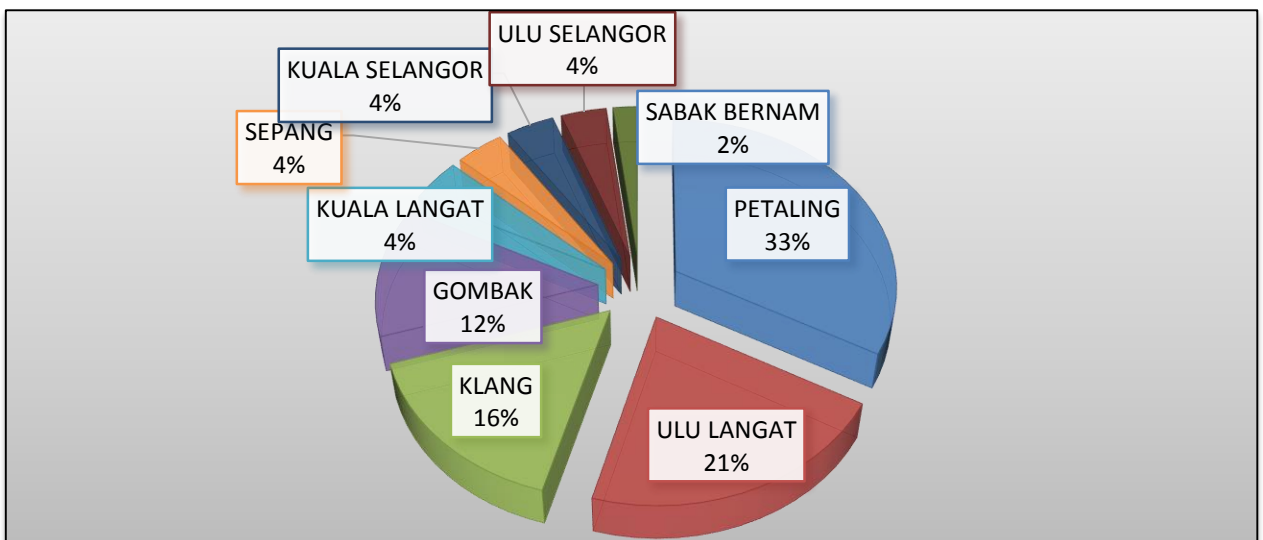
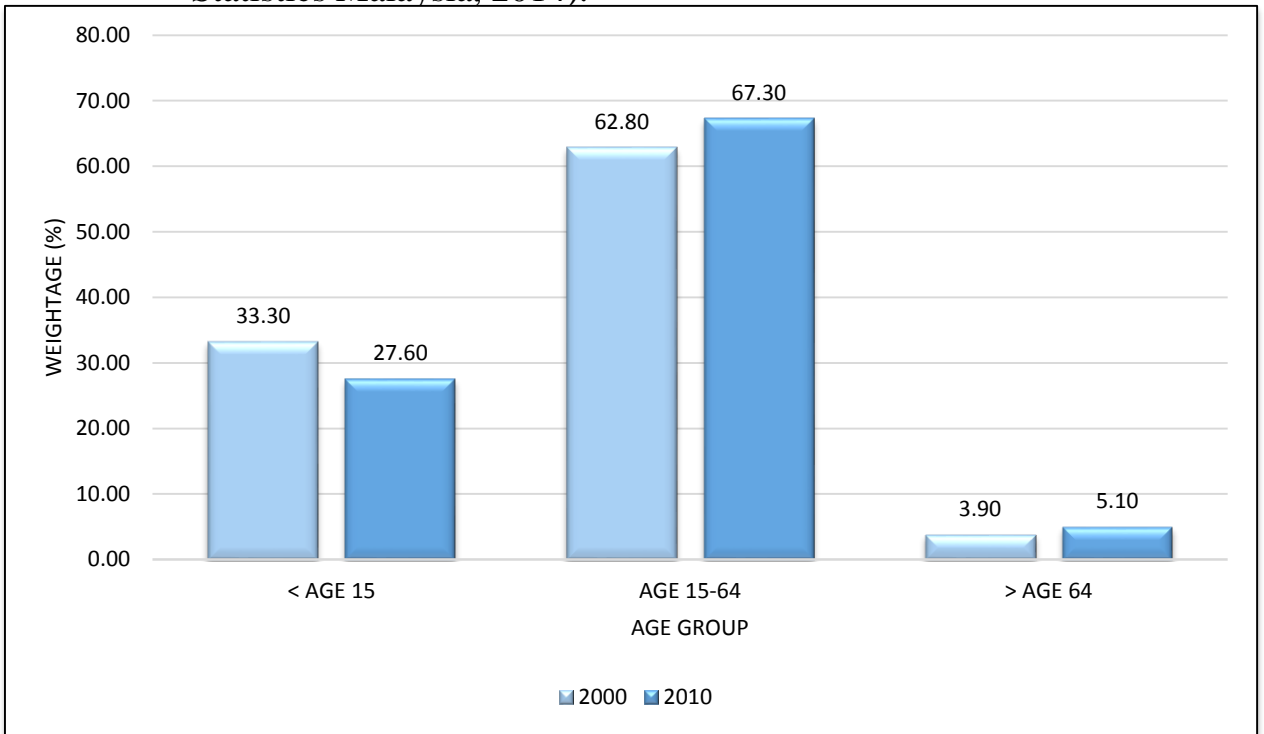


Figure 7: Demographics of Malaysia by Age (2000 & 2010) (Department of Statistics Malaysia, 2014).



Age

Malaysia's population is aging slowly (but still in its early stages); with lower portion of children age group (< age 15) in 2010 compared to 2000. Working age adults (age 15 - 64) and retirement segments (> age 64) have increased by 4.5% and 1.2% respectively. Median age has increased from 23.6 (2000) to 26.2 (2010); which is still a relatively young population.

The country's dependency ratio has dropped from 0.59 (2000) to 0.49 (2010), reinforcing the fact that:

1. Population growth is slowing
2. Children age group is diminishing (entering the age of workforce)
3. Working age group is increasing
4. More working adults are supporting the non-working classes (children and elders).

Figure 8: Demographics of Klang Valley by Age (2010) (Department of Statistics Malaysia, 2014).

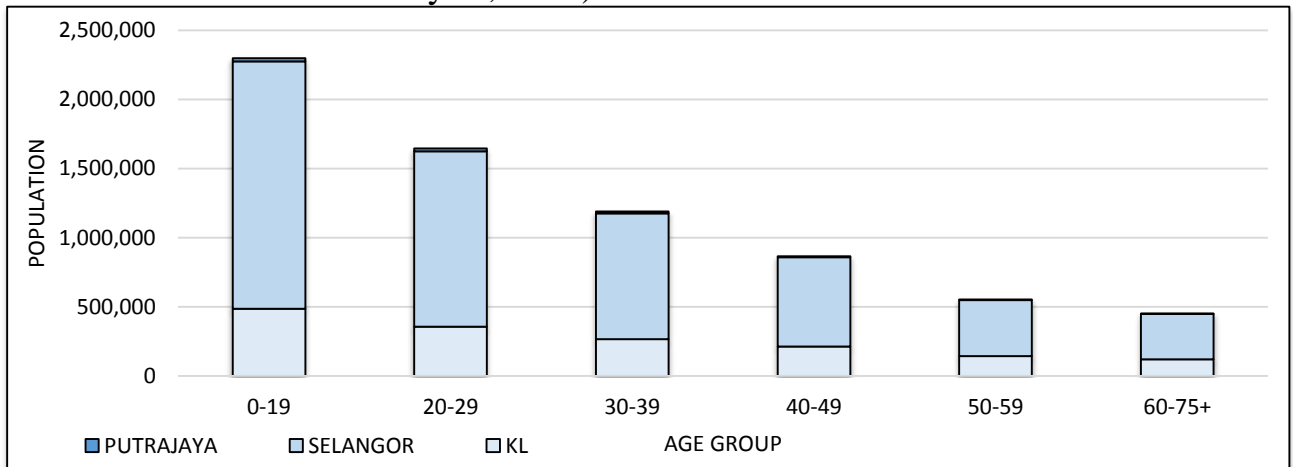
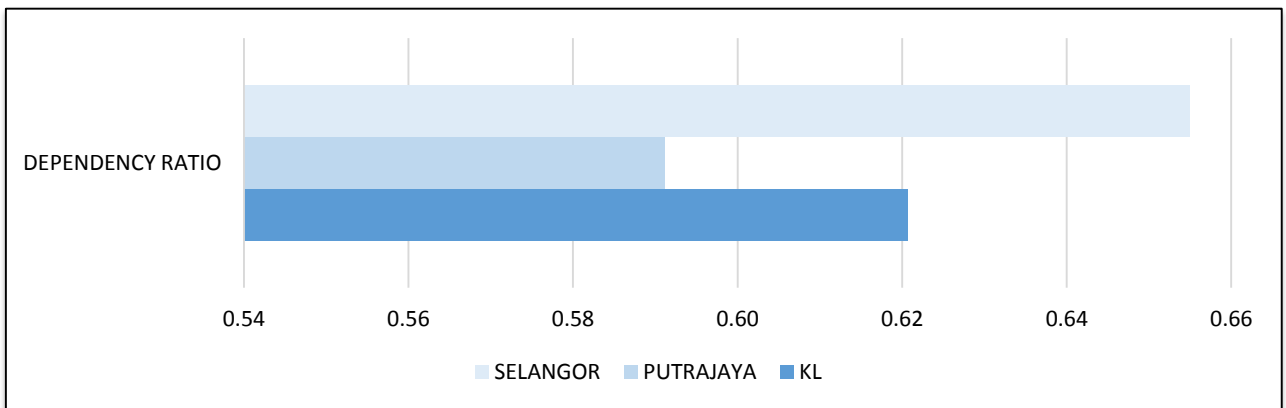


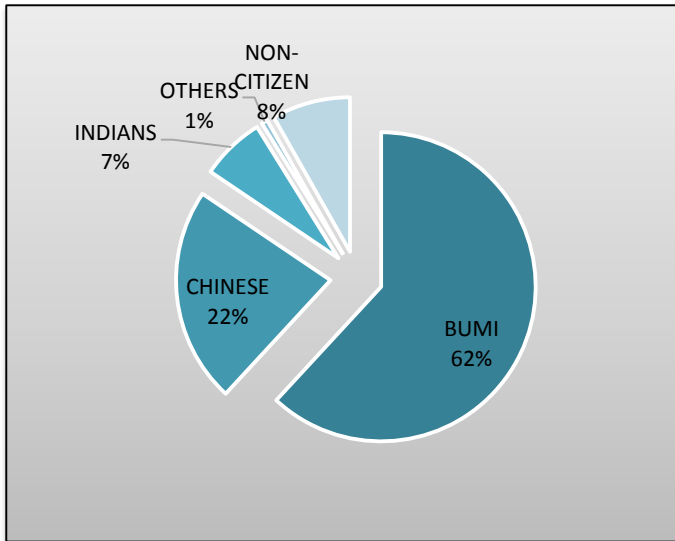
Figure 9: Dependency ratio of Klang Valley (2010) (Department of Statistics Malaysia, 2014).



Klang Valley accounts for 25.37% of the total population in Malaysia and has a dependency ratio of 0.65; which is quite moderate. This indicates a modest proportion of non-working age groups (children and elders) as compared to the working age groups. It was worth noting that Putrajaya has the lowest dependency ratio in the Valley (0.59). The district is the operation hub of civil servants, with high concentrations of working age groups. The bulk of the work force is very young (35.41% within the age 20-29).

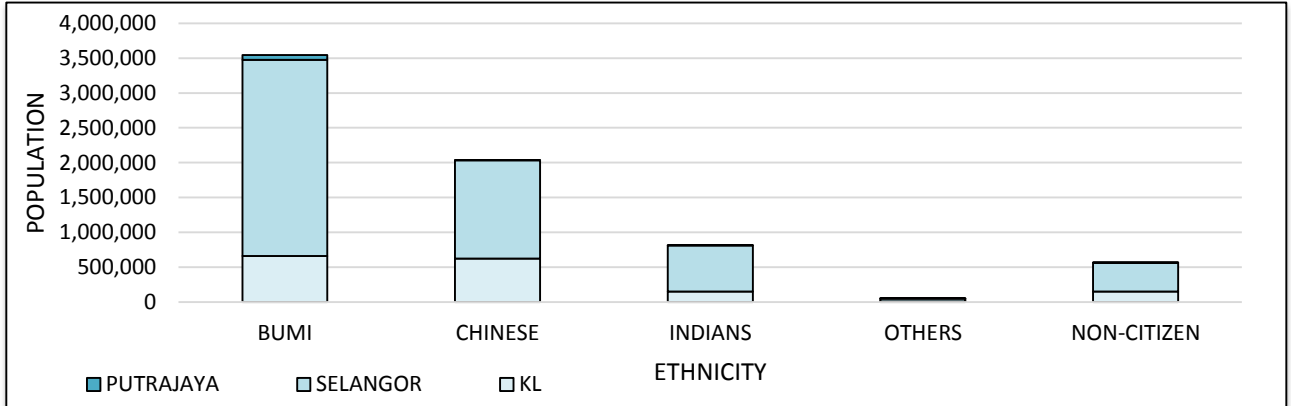
The overall population of Klang Valley is very young as well; which is in tandem with the national average. The 3 largest age groups are 0-19 (32.83%), 20-29 (23.49%), and 30-39 (16.98%). They account for 73.30% of the total population in the Valley. This is a typical demographic shape for most emerging economies.

Figure 10: Demographics of Malaysia by Ethnicity (2010) (Department of Statistics Malaysia, 2014).



Malaysia has a total population of 28.30 million as at 2010; with 61.87% as Bumiputeras, 22.58% as Chinese, 6.70% as Indians, 0.64% classified as others, and 8.20% as non-citizens.

Figure 11: Demographics of Klang Valley by Ethnicity (2010) (Department of Statistics Malaysia, 2014).

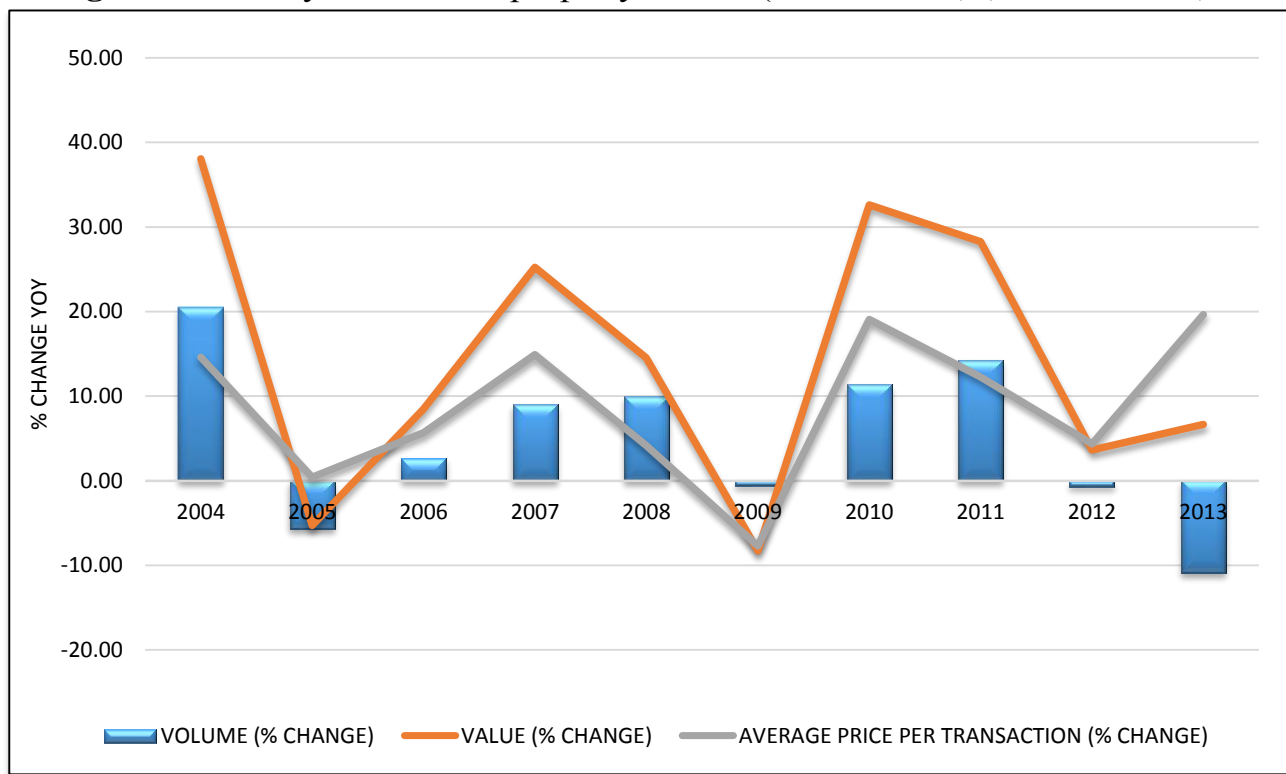


Ethnicity

The Valley has a higher portion of minorities in its overall population composition than Malaysia; 50.59% Bumiputeras, 29.03% Chinese, 11.62% Indians, 0.72% others, and 8.04% non-citizens. However, districts within the Klang Valley has significantly different ethnic composition.

In the heart of Kuala Lumpur, Bumiputeras account for 41.61% of the population, which is quite comparable to the population of the Chinese at 39.14%. Whereas in Putrajaya, Bumiputeras made up almost all of the residents within the vicinity with 95.71% of the district's population. Population composition in Selangor include 52.68% Bumiputeras, 26.39% Chinese, and 12.43% Indians.

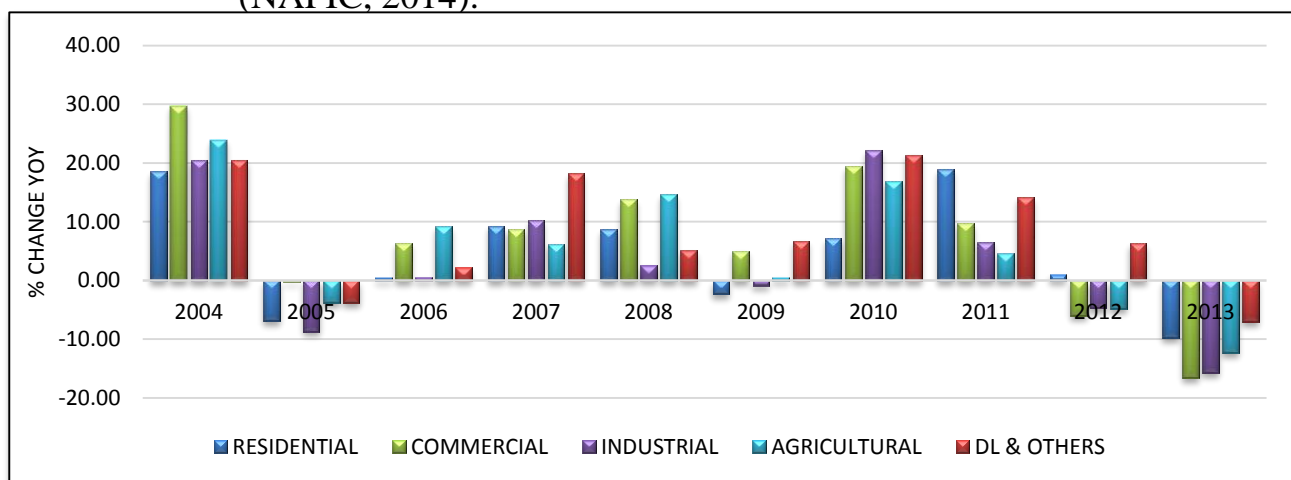
Figure 12: Malaysia’s overall property market (2004 – 2013) (NAPIC, 2014).



The property market in Malaysia is highly cyclical. There is a high correlation between volume and value (correlation of efficiency value of 0.75; from 2003 - 2012). 2013 proved to be an exceptional year, which recorded the worst decline in amount of transaction for the last 10 years; declining by -10.85% YOY.

However, the total value of transaction recorded a decent gain of 6.67% YOY. This led to the biggest yearly gain in the last 10 years for the average price per transaction (rising by a staggering 19.65%). It is yet to be determined that such a rise in average price per transaction is sustainable if volume does not exist to support it.

Figure 13: Volume of Malaysia property market by sectors (2004 – 2013)
(NAPIC, 2014).



Volume

2013 saw a broad decrease over all sectors of the property market; led by the commercial sector (-16.51%), industrial (-15.69%), agricultural (-12.37%), **residential (-9.70%)**, and development land and others (-6.99%).

Value

Unlike volume, the commercial sector witnessed the highest incremental in value (27.96%), followed by the **residential sector (6.34%)**, industrial (2.69%), agricultural (-6.97%), and lastly development land and others (-8.89%).

For both of these instances, the residential property sector showed resilience compared to the rest of the market.

Figure 14: Value of Malaysia property market by sectors (2004 – 2013)
(NAPIC, 2014).

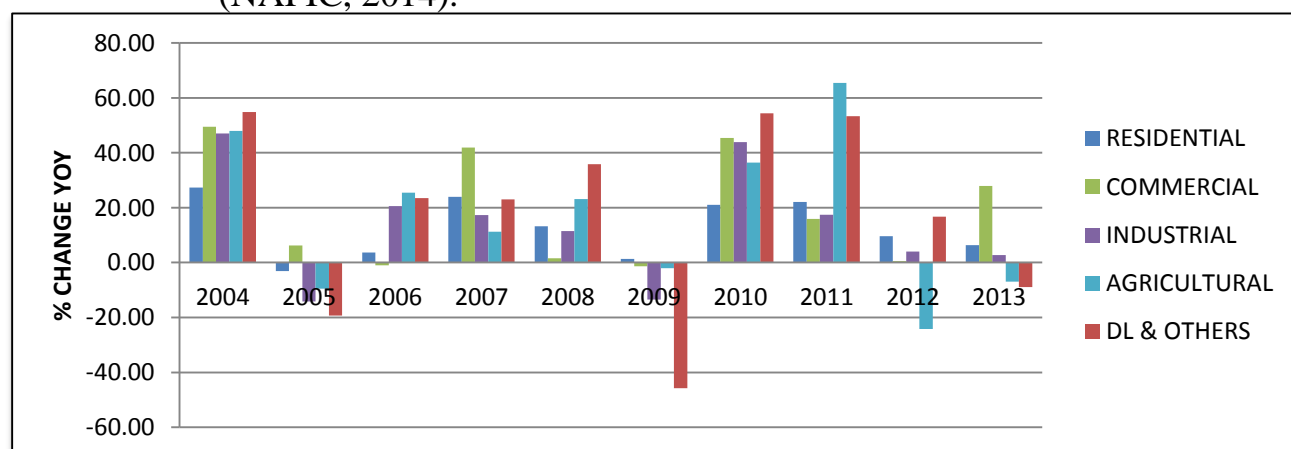
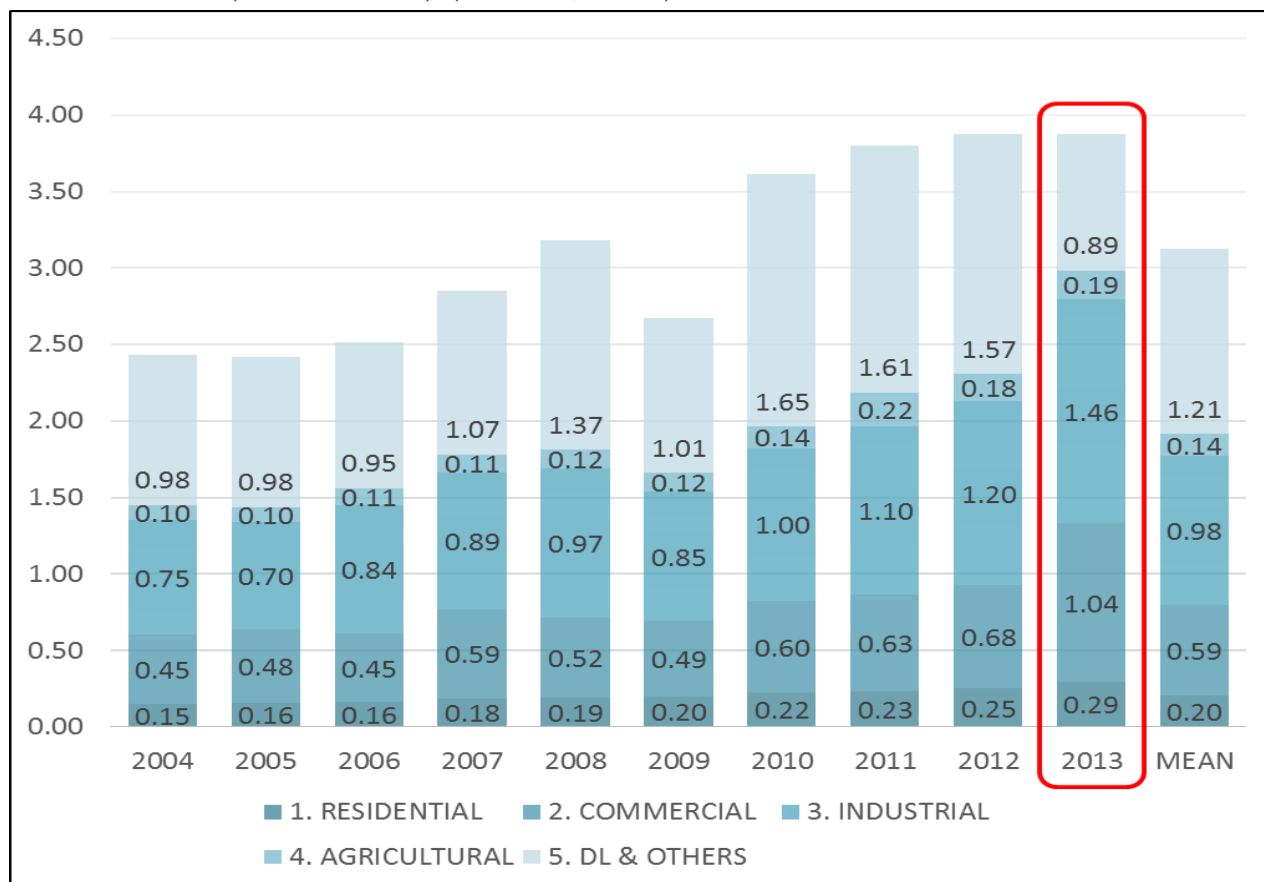


Figure 15: Malaysia’s average price per transaction by sectors (RM in million (2004 – 2013) (NAPIC, 2014).

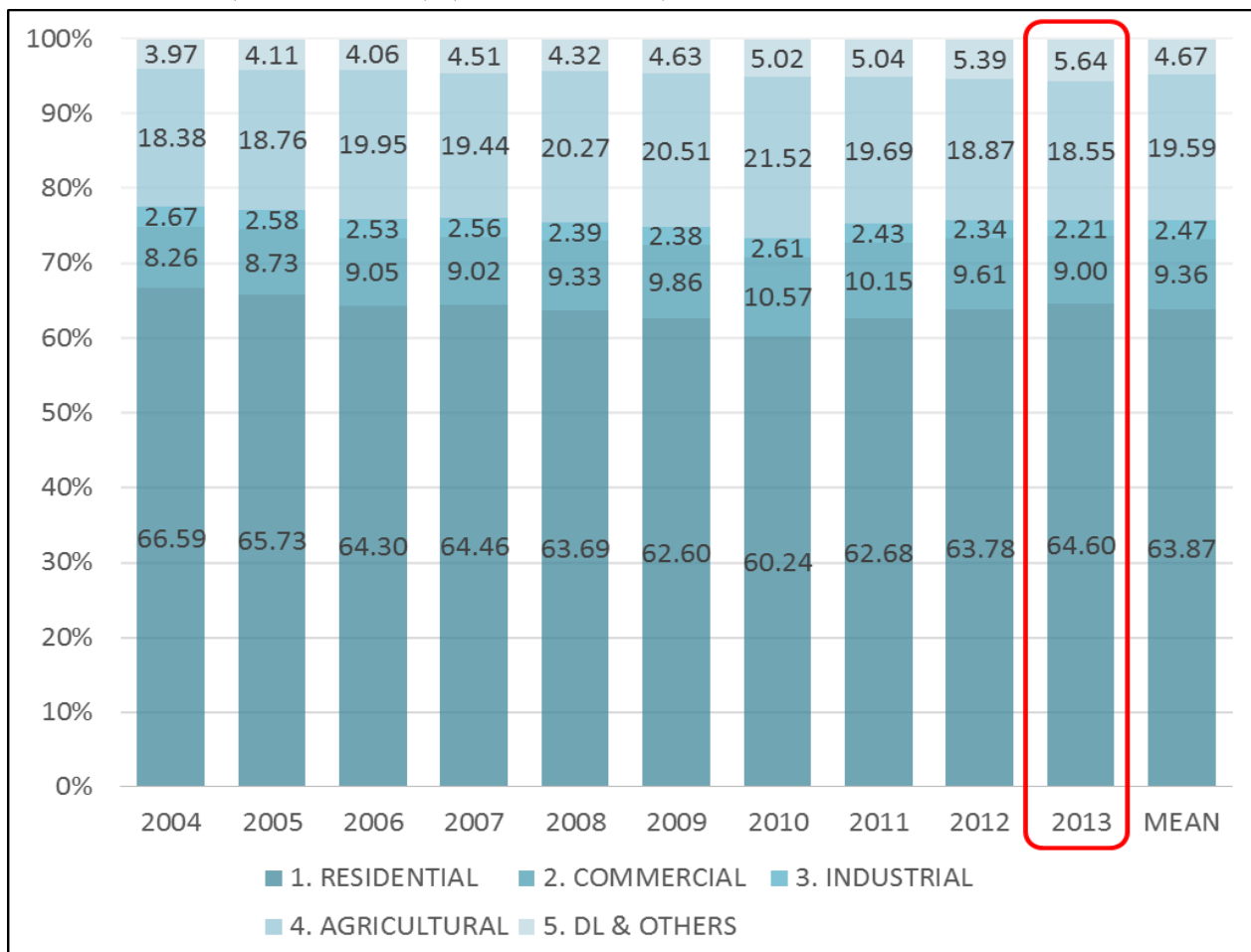


Average price per transaction

In 2013, the commercial sector recorded the biggest change in the last 10 years (53.27%), followed by the industrial sector (21.79%), **residential (17.76%)**, and agricultural (6.16%). Whereas average price per transaction for development land and others marked the steepest unusual decline in the last 10 years (-43.28%).

Abiding by the norm, the industrial sector has the highest average price per transaction of RM 1.46 million, followed by commercial (RM 1.04 million), development land and others (RM 0.89 million), **residential (RM 0.29 million)**, and agricultural (RM 0.14 million).

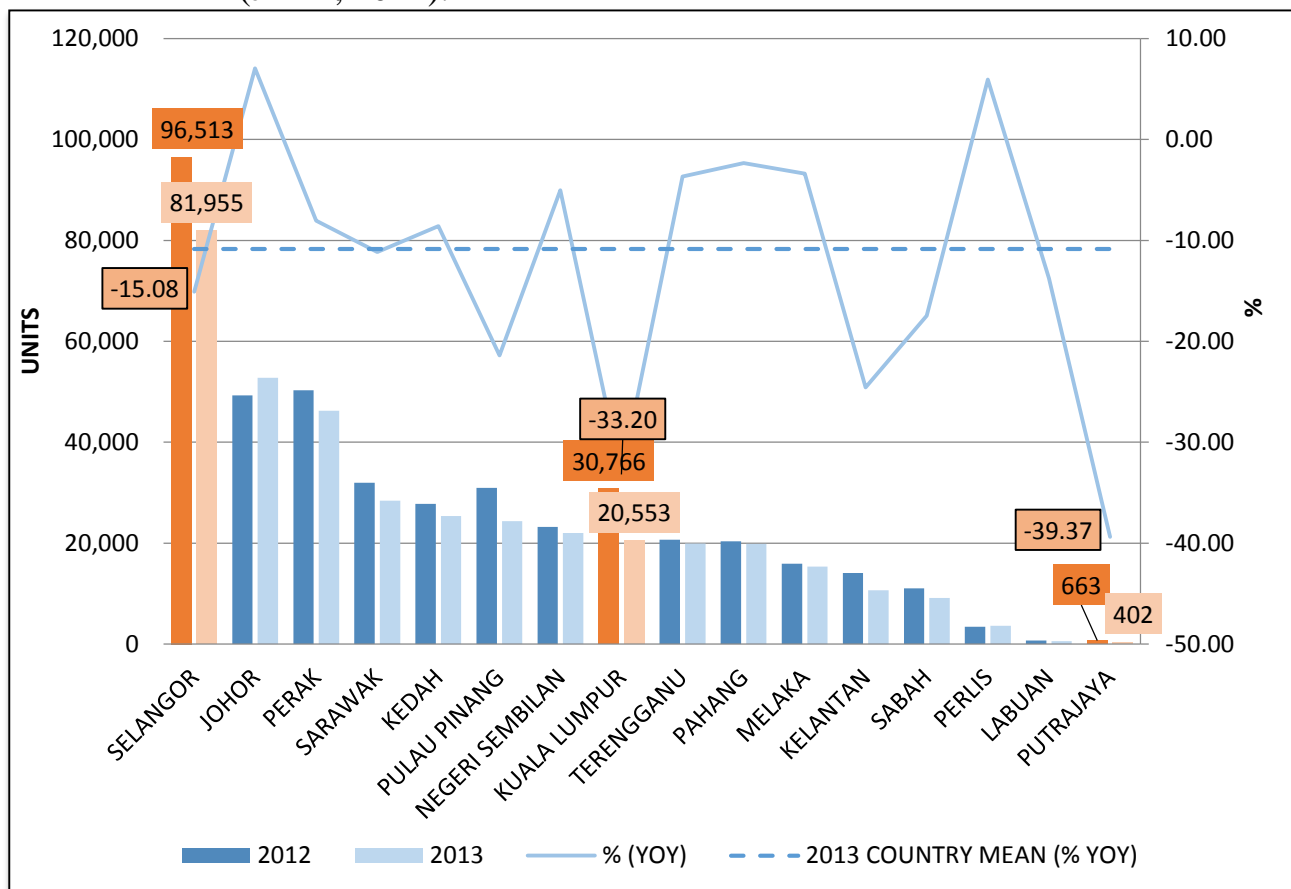
Figure 16: Weightage of Malaysia property market by sectors (Volume) (2004 – 2013) (NAPIC, 2014).



Weightage of sectors

The **residential market** made up the bulk of the total property market in Malaysia; with a 10 year mean value of **63.87%**, followed by the agricultural sector (19.59%), commercial (9.36%), development land and others (4.67%), and industrial (2.47%). A decrease in weightage for all sectors except **residential (0.82%)**, and development land and others (0.25) was observed in 2013.

Figure 17: Number of transactions by state in Malaysia (2012 – 2013) (JPPH, 2014).

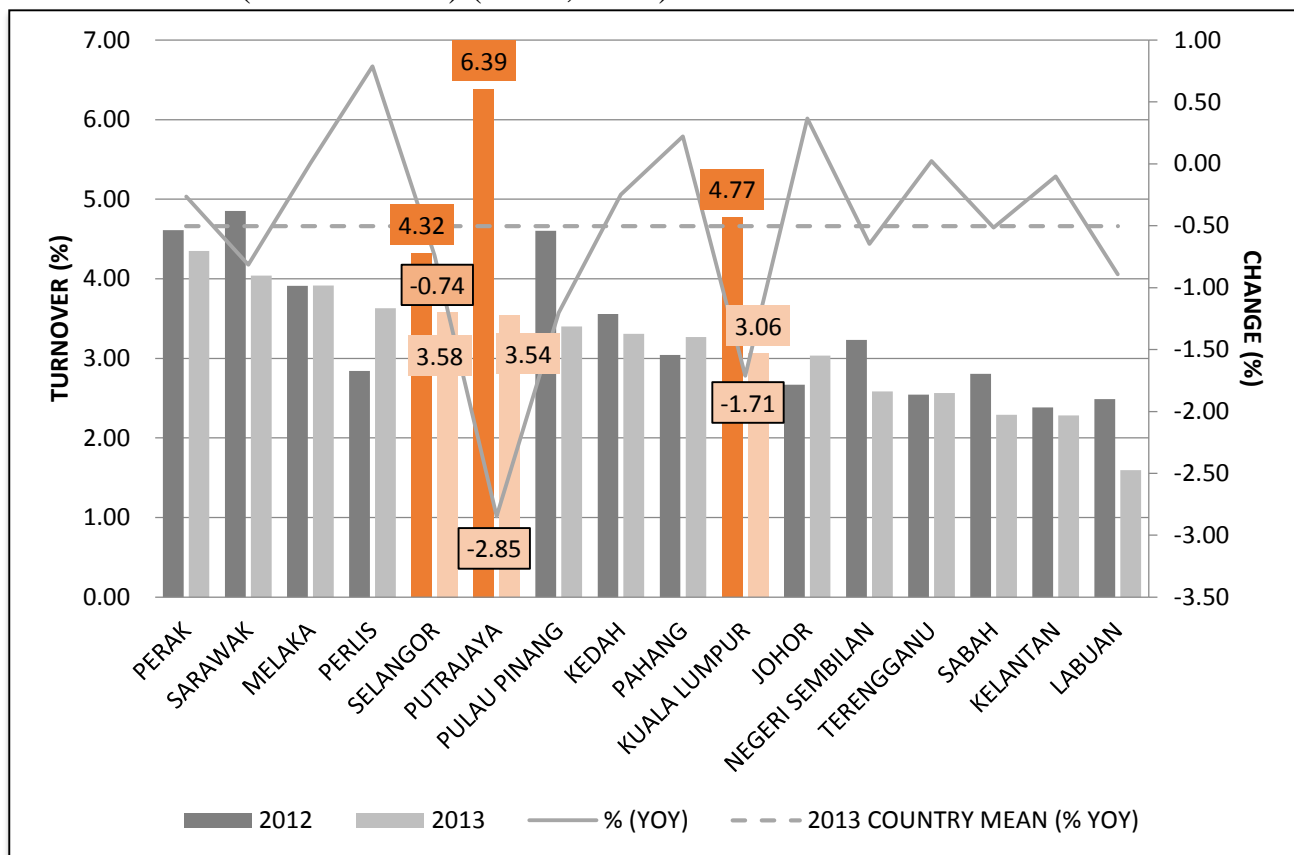


Number of transactions

In 2013, **Selangor** recorded the highest amount of transactions (**81,955: 22%**) in Malaysia, followed by **Johor** (52,779: 14%), and **Perak** (46,234: 12%). These 3 states made up almost half of the total transactions in Malaysia. **Kuala Lumpur** was ranked number 8 out of the 16 states being examined (**20,553: 5%**), and **Putrajaya** was at the last spot with **402** number of transactions at **0.1%**. The combined number of transactions in the Klang Valley made up approximately 27% of total transactions in Malaysia.

In terms of YOY changes, all states recorded negative growth rates except for **Johor** (7.07%), and **Perlis** (5.93%). The bottom 3 states were **Putrajaya** (**-39.37%**), **Kuala Lumpur** (**-33.20%**), and **Kelantan** (**-24.58%**). **Selangor** was ranked number 11 (**-15.08%**). The Valley as a whole declined by **-19.57%**. The country's mean YOY reading was **-10.85%**.

Figure 18: Turnover Rate of Malaysia Residential Market by state (2012 & 2013) (JPPH, 2014).

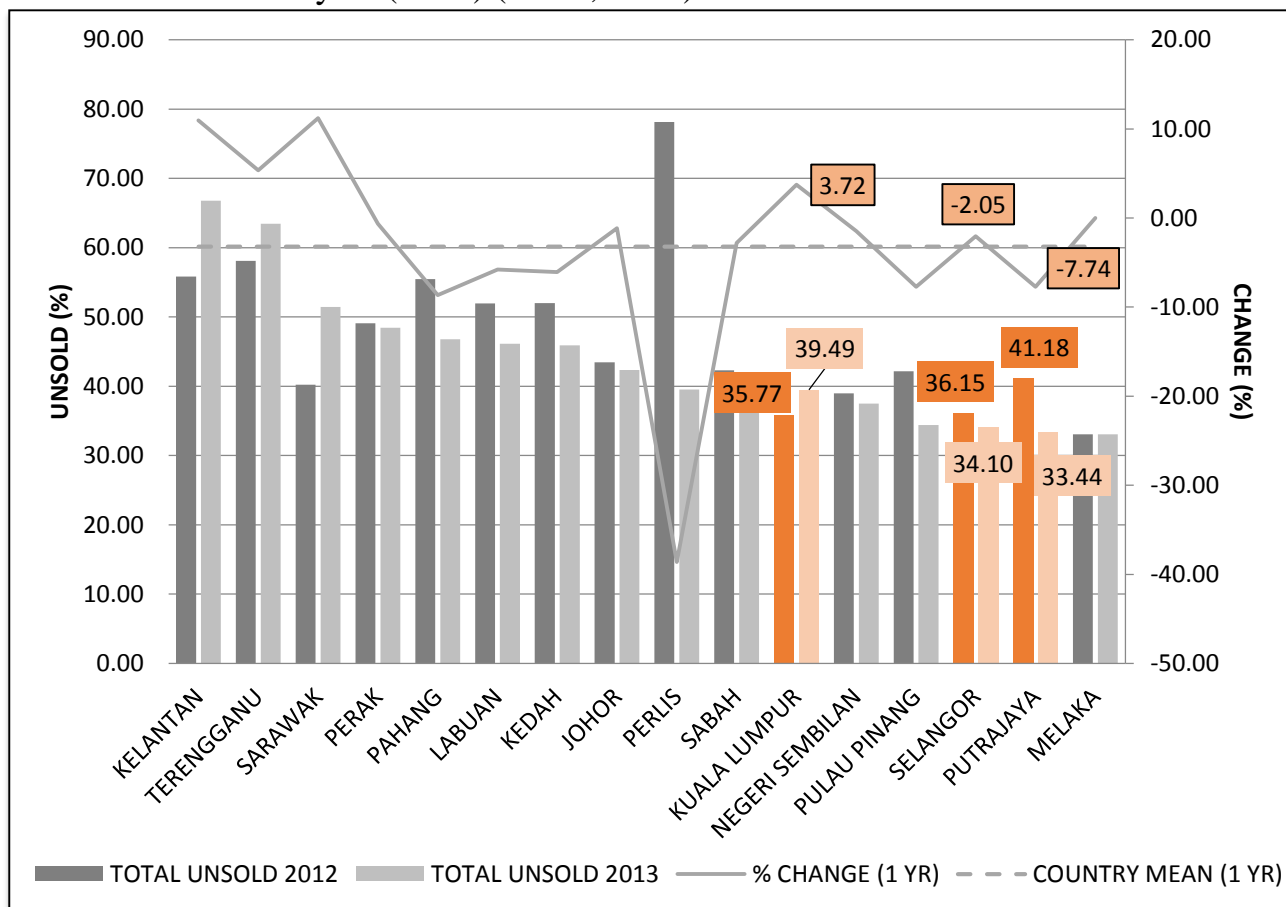


Turnover rate (Residential)

For the year ended 2013, the state of Perak recorded the highest turnover rate in Malaysia; clocking in at 4.35%, coming in second was Sarawak (4.04%), then Melaka (3.92%). The bottom 3 states were Labuan (1.60%), Kelantan (2.28%), and Sabah (2.29%). The Valley has a combined turnover rate of **3.46%**. The country's mean turnover rate was 3.34%.

In terms of YOY changes, Perlis was the highest (0.79%), followed by Johor (0.37%), and then Pahang (0.22%). The bottom 3 states were **Putrajaya (-2.85%)**, **Kuala Lumpur (-1.71%)**, and Pulau Pinang (-1.20%). Klang Valley as a whole recorded YOY change of -0.98%. The country's mean YOY reading was -0.50%.

Figure 19: Percentage of Unsold Residential Units (New Launches) by state in Malaysia (2013) (JPPH, 2014).

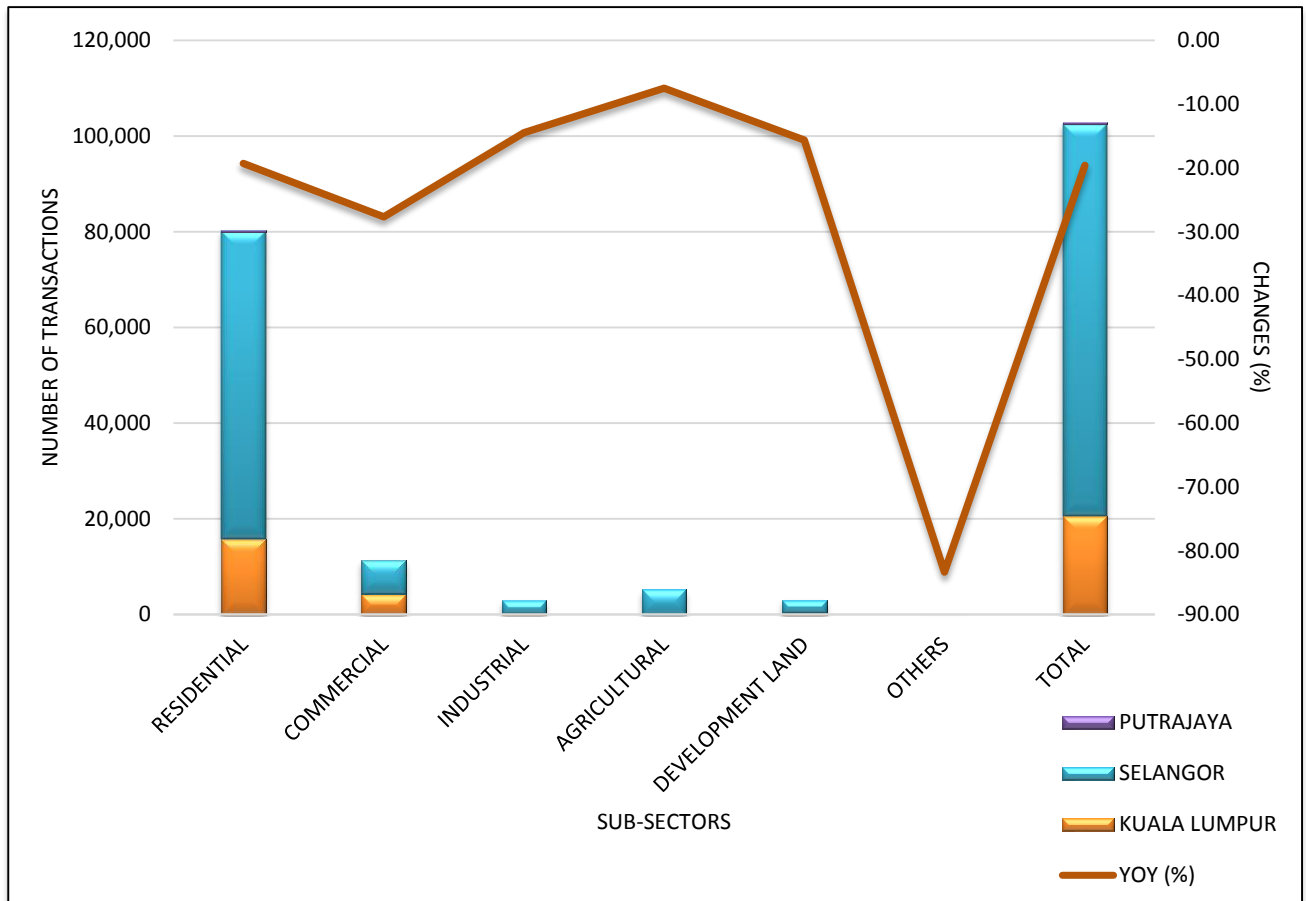


Unsold units of New launches (Residential)

In 2013, based on individual states; Kelantan recorded the highest percentage of unsold residential units (new launches) in Malaysia (66.70%), followed by Terengganu (63.46%), and Sarawak (51.43%). Klang Valley has a collective unsold fraction of 36.27%. The country's mean reading was 43.90%.

In terms of YOY changes, Sarawak was the highest (11.21%), followed by Kelantan (10.95%), and then Terengganu (5.35%). The bottom 3 states were Perlis (-38.62%), Pahang (-8.67%), and **Putrajaya (-7.74%)**. The Valley has a mutual YOY change of 0.25%. The country's mean YOY reading was -3.22%.

Figure 20: Weightage of Klang Valley property market by sectors (Volume) (2013) (JPPH, 2014).



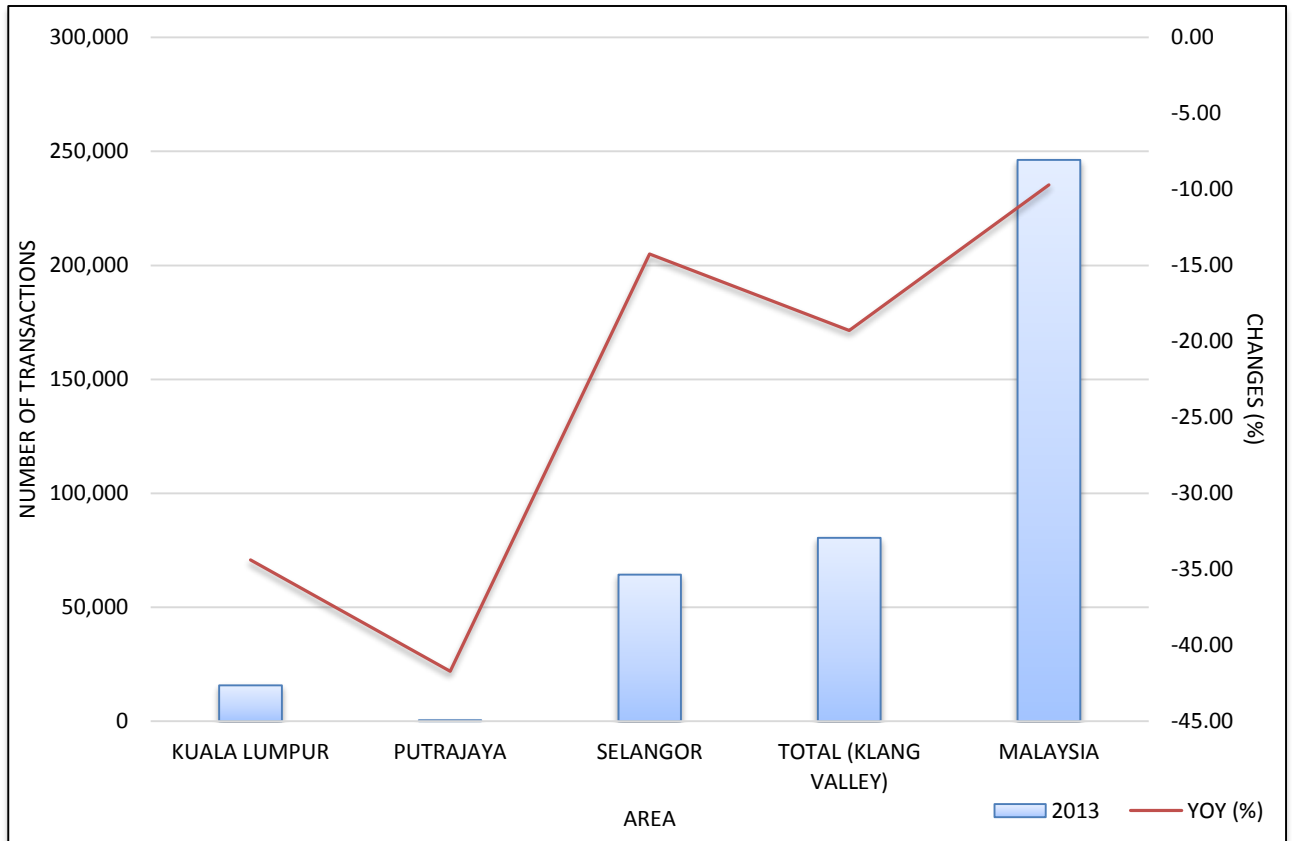
Weightage by sectors

Similar to national norm, the **residential** market made up the bulk of the total property market transactions in Klang Valley; with a share of **78.12%**, followed by the commercial sector (11.00%), agricultural (5.16%), development land and others (2.91%), and industrial (2.81%). There was a shift in weightage from the residential sector to commercial sector as a share of the total transactions.

It is worth noting that the weightage of development land and agricultural sectors were lower than national average. Whereas the **residential**, commercial, and industrial sectors were higher.

YOY, all sectors recorded broad decrease; led by the commercial segment (-27.64%), **residential (-19.29%)**, development land (-15.64%), industrial (-14.48%), and lastly agricultural (-7.47%). The Valley's average was -19.57%.

Figure 21: Number of residential transactions by state in Klang Valley (2013) (JPPH, 2014).

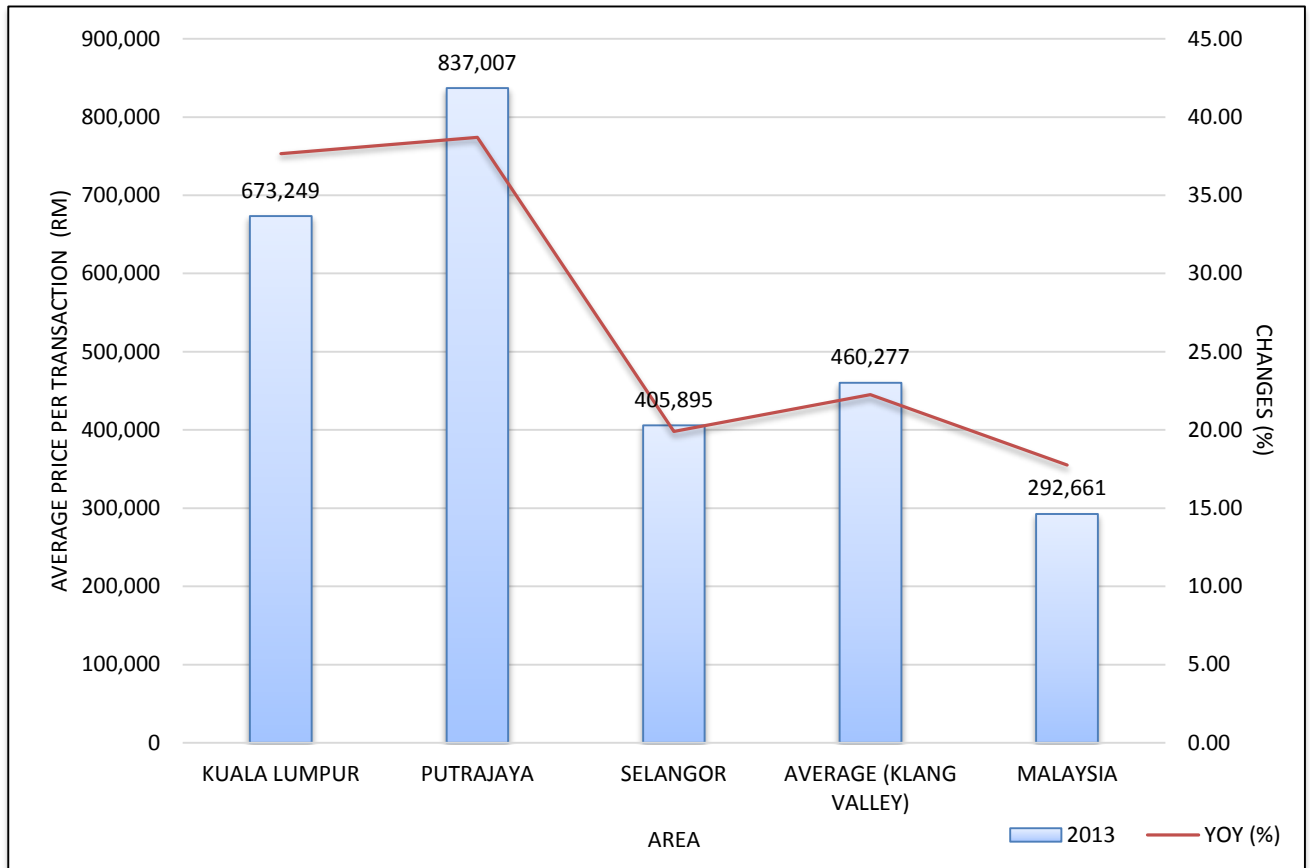


Weightage by area (Residential)

Due to its sheer size and population, Selangor captured the major share of the total residential property transactions in Klang Valley. The state recorded 80% of the Valley’s transaction, whereas both federal territories only account for 20% of the total transactions. The Valley as a whole possessed 33% of Malaysia’s total residential property market transactions.

In terms of YOY, Putrajaya was affected the most by the recent declining trend. The territory transactions declined by -41.72%, followed by KL with -34.40%. Selangor was not spared from the flame by declining by -14.26%. This resulted in Klang Valley’s transactions to deteriorate by -19.29%; which was worse off compared to the national average of -9.70%.

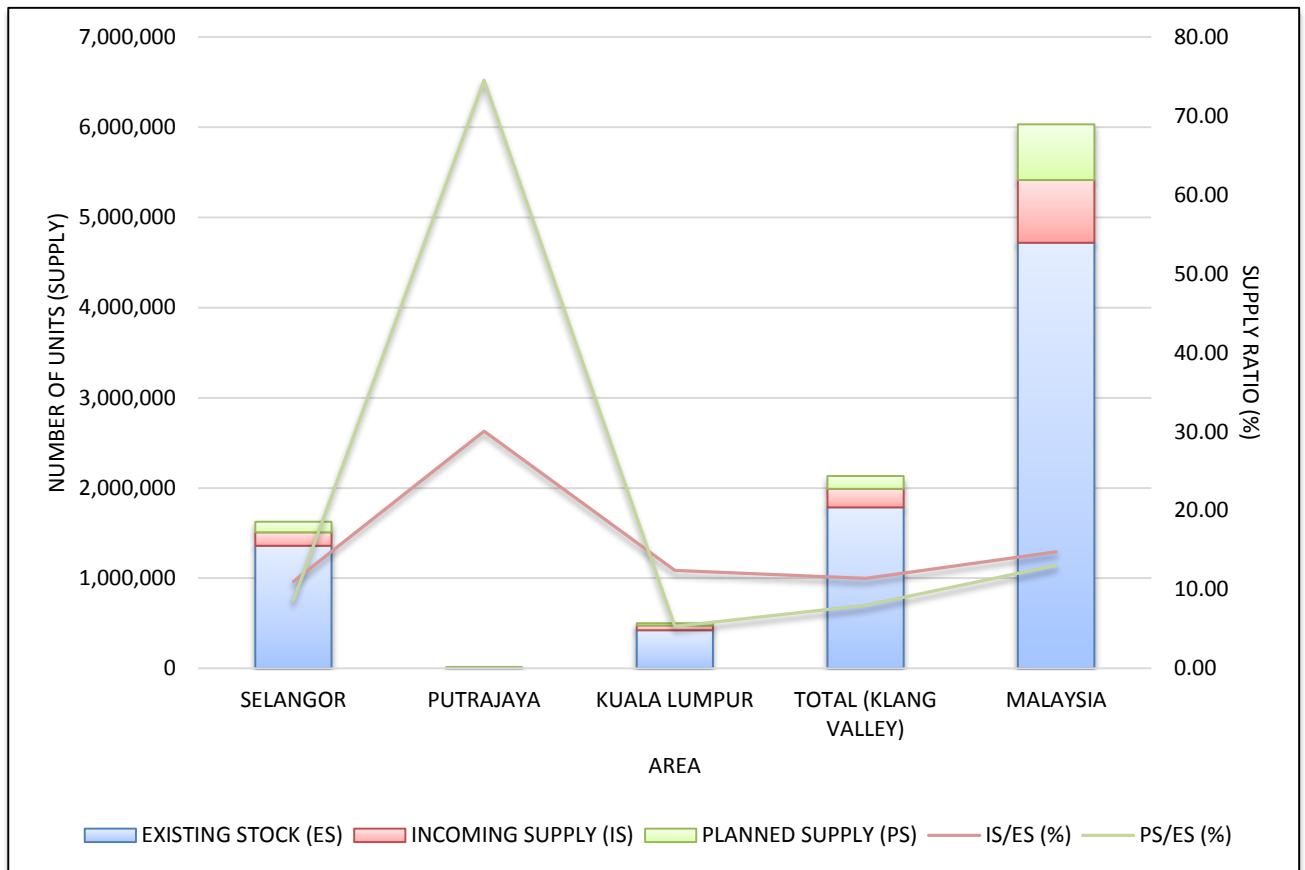
Figure 22: Average price per transaction for Residential Properties in Klang Valley (RM) (2013) (JPPH, 2014).



Average price per transaction (Residential)

Contrary to its small size and population, Putrajaya has the highest average price per transaction in the Valley; RM 837,007 (YOY: 38.71%). Coming in second was none other than Kuala Lumpur with RM 673,249 (YOY: 37.66%). The largest contributor in terms of number of transactions was last at RM 405,895 (YOY: 19.91%). The combined average price per transaction of Klang Valley was RM 460,277 (YOY: 22.25%). The country's average was RM 292,661 (YOY: 17.76%).

Figure 23: Supply compilation of Residential Properties in Klang Valley (2013) (JPPH, 2014).



Supply compilation

As usual, Selangor hoards the largest number of existing residential stock in the Valley (75.99%), followed by Kuala Lumpur (23.74%), and Putrajaya (0.27%). Planned supply was witnessed to be in a declining state when compared to incoming supply, except for Putrajaya.

In terms of IS/ES ratio, all districts were quite comparable to the national average which was around 12%, except for Putrajaya (30%). Whereas PS/ES ratio for all districts were lower than the national average except for Putrajaya (75%). Small number of transactions coupled with fast price appreciation and large future supplies might raise an alarm for the Putrajaya market.

Figure 24: Launches of Residential Properties in Klang Valley (2013) (JPPH, 2014).

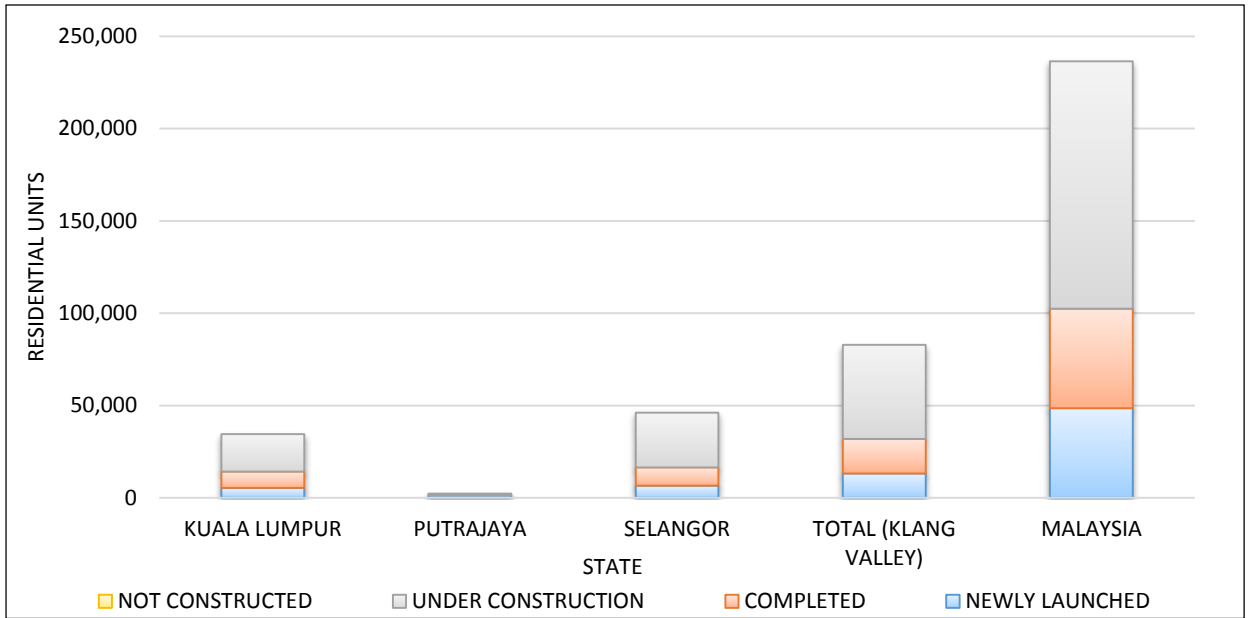


Figure 25: YOY changes for Launches of Residential Properties in Klang Valley (2013) (JPPH, 2014).

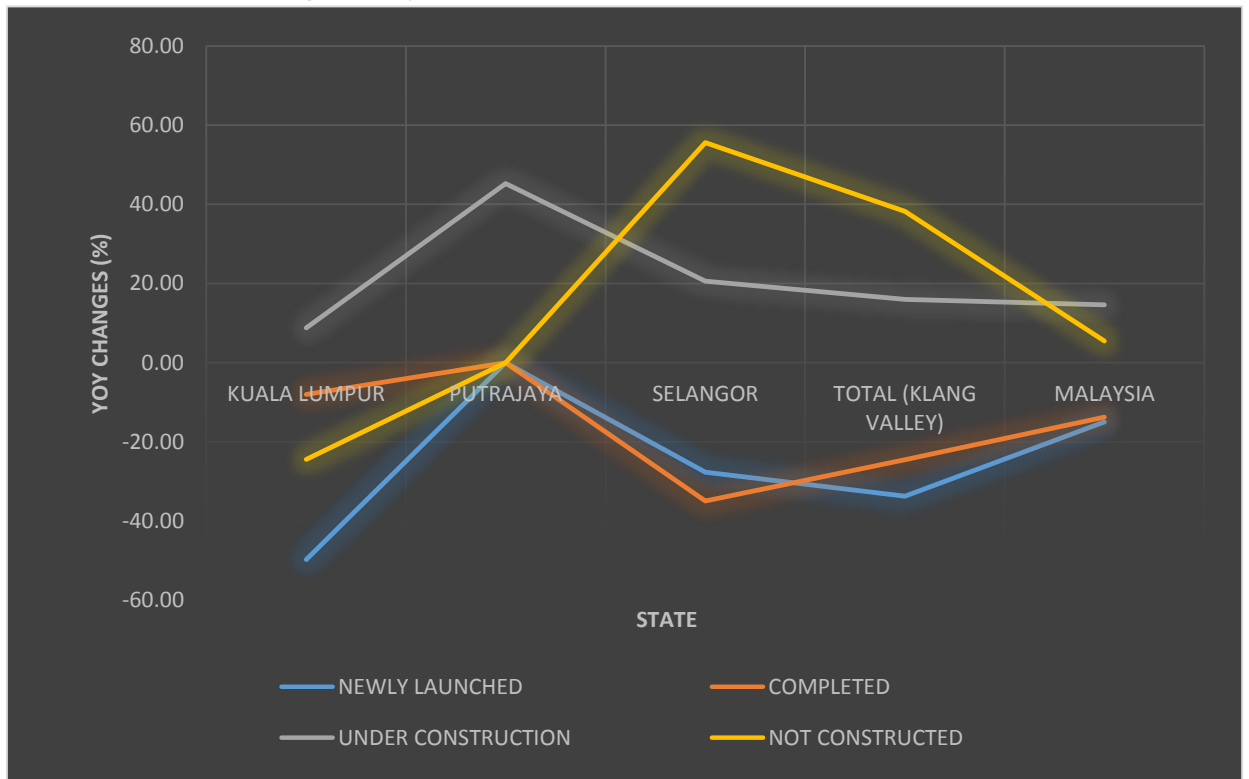


Figure 26: Supply compilation of Residential Properties in Klang Valley (2013) (JPPH, 2014).



Supply compilation (Cont'd)

Referring to Figure 26, near term supply growth rate was slow with Putrajaya leading the charge at 6.55%. Whereas supply in the mid term was in a declining state led by Putrajaya as well at -4.52%.

When segregating new supply into physical availability, it was observed that more than half of the launches were under construction. YOY changes for those under construction and not constructed were positive, whereas those newly launched and completed were in a declining trend.

The YOY change for newly launched units per total transactions was negative, except for Putrajaya (321.45%). YOY for completed houses per total transactions was negative except for Kuala Lumpur (16.10%). While YOY for total launches per total transactions was positive; led by Putrajaya (491.95%).

Figure 27: Number of residential transactions by price range in Klang Valley (Q1 2014) (NAPIC, 2014).

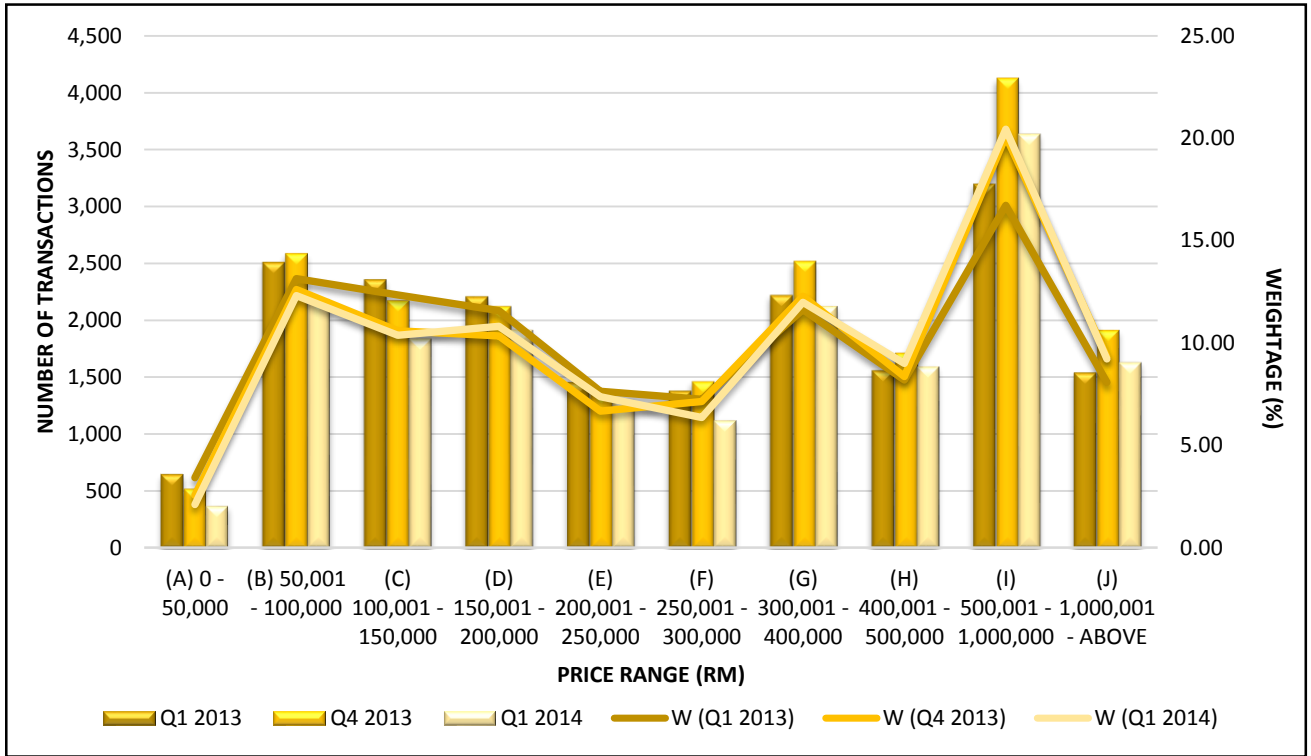


Figure 28: Number of residential transactions by house type in Klang Valley (Q1 2014) (NAPIC, 2014).

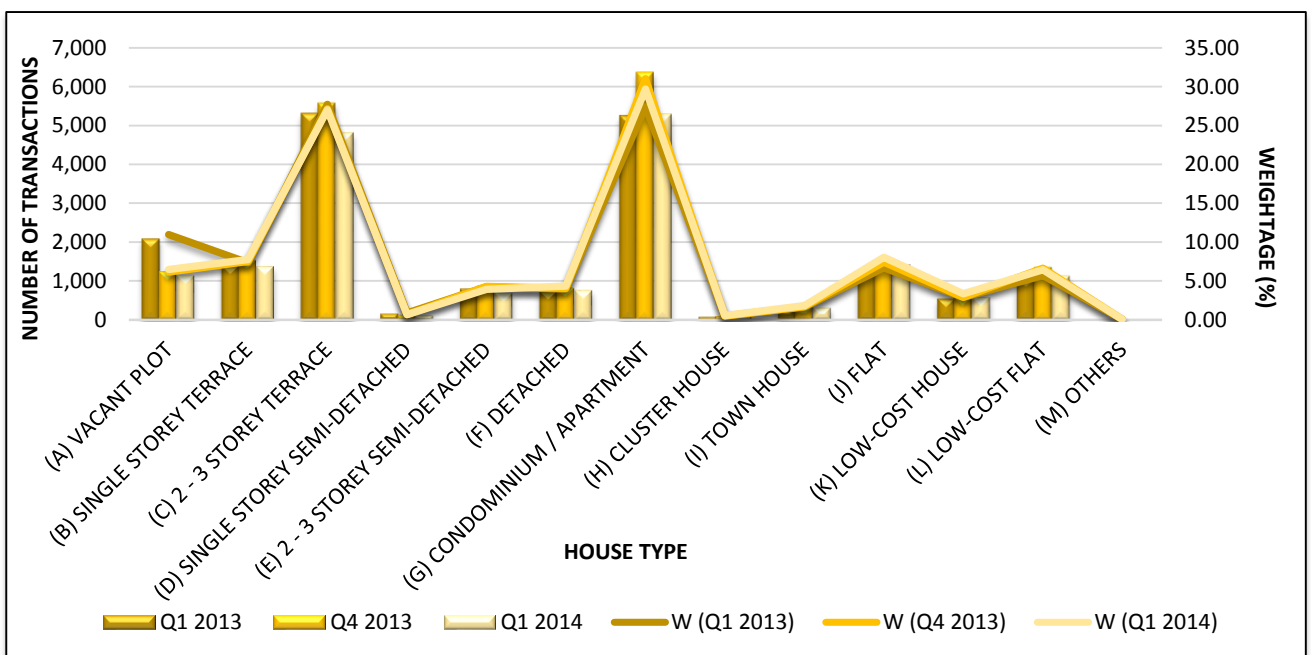
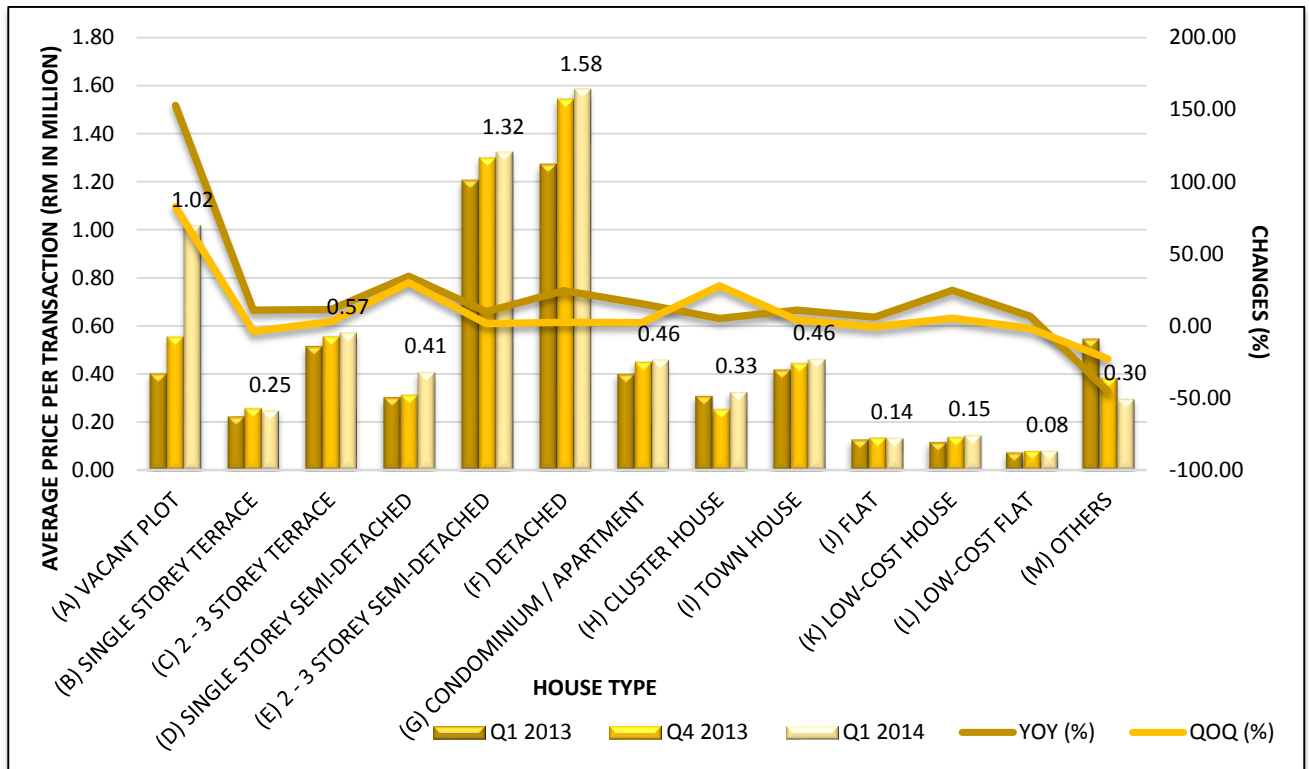


Figure 29: Residential average price per transaction by house type in Klang Valley (RM in million) (Q1 2014) (NAPIC, 2014).



Distribution of the value of transactions within the Valley was quite balanced. All price range recorded number of transactions close to 10% beside for a few exceptions. They were mainly the price range of RM 500,001 – 1,000,000 which received 20% of the total transactions in Q1 2014, the lowest price range of RM 25,000 and below (2%), and the middle price range of RM 100,001 – 150,000 and RM 150,001 – 200,000; each representing close to 7% of the total transactions. Thus, the price range was slightly skewed to the left, which put more emphasis on higher price range.

The most preferred house type in the Valley was condominium and apartments which made up close to 30% of the total transactions in Q1 2014. This was followed closely by 2 -3 storey terrace houses which represents 27% of the total transactions. All of the other house types were less than 10% each. Number of transactions for all strata properties was 44%.

Generally, almost all house types recorded positive YOY changes for average price per transaction except for housing classified under others. However, when compared with QOQ changes, the rate of increment seemed to be slowing down in the near term.

Figure 30: Gross rental yield of Landed Properties in Klang Valley (2013) (JPPH, 2014).

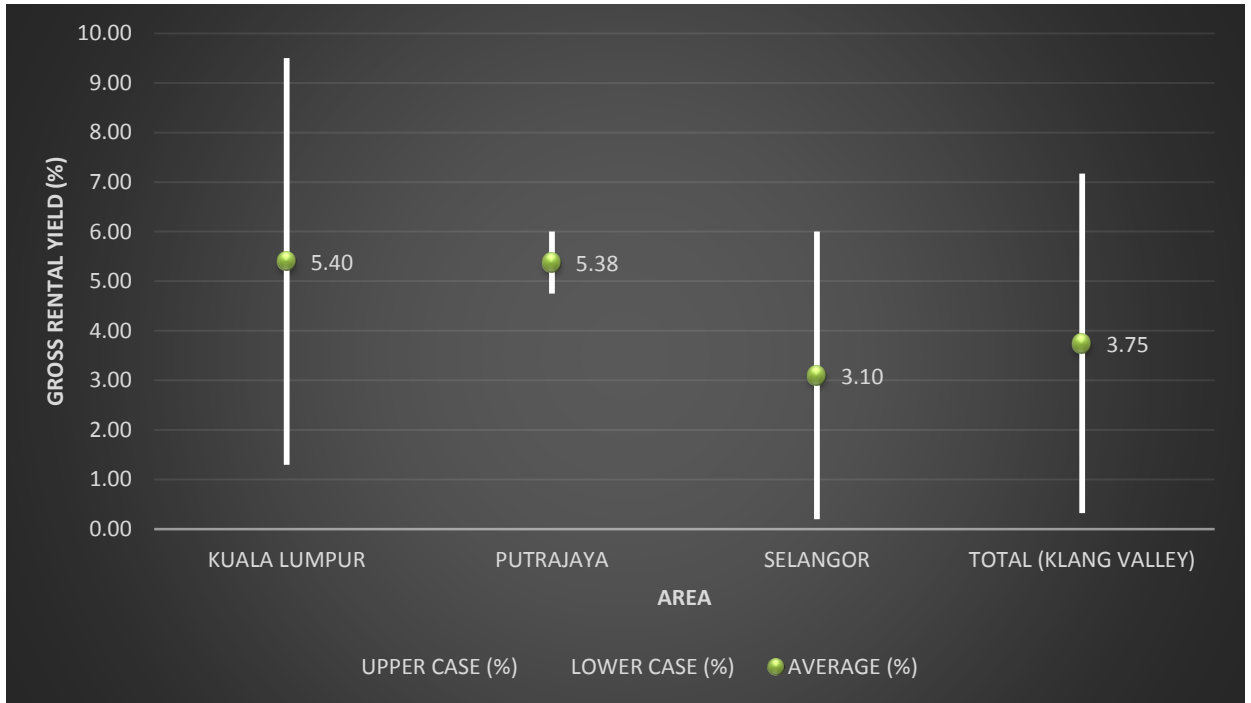
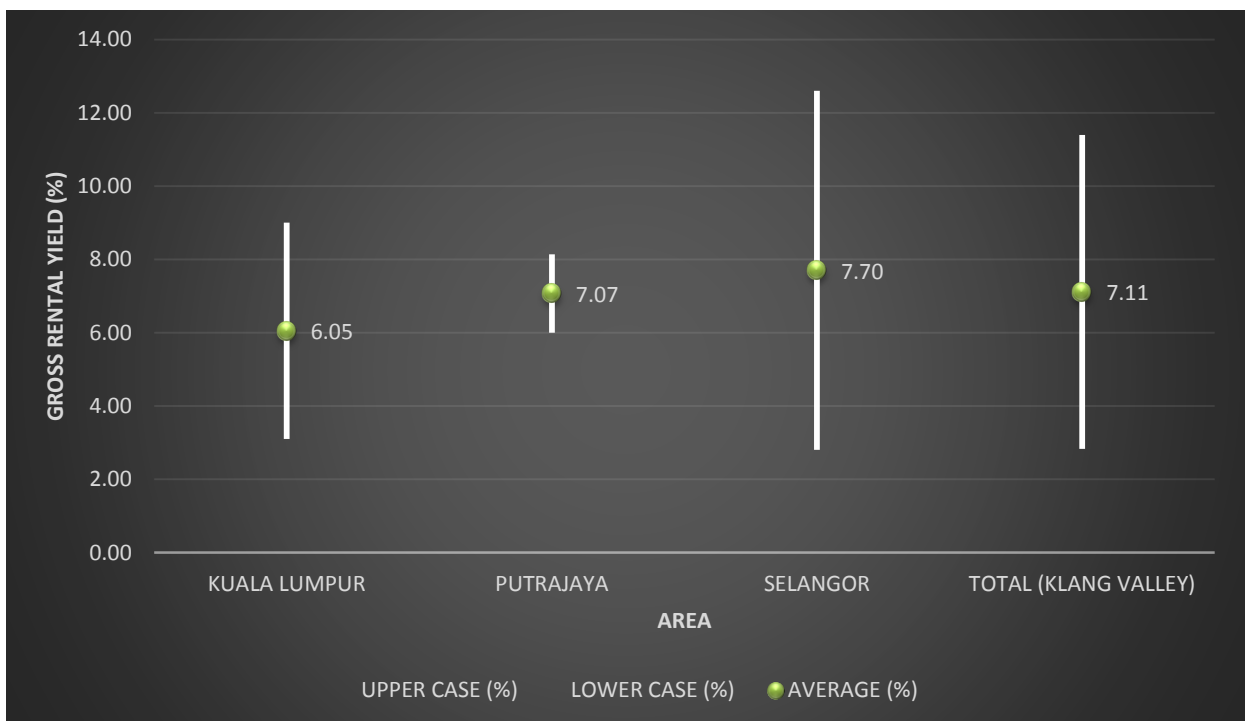


Figure 31: Gross rental yield of Strata Properties in Klang Valley (2013) (JPPH, 2014).



Gross Rental Yield

It was observed that the average gross rental yield for Klang Valley was higher for the strata segment compared to the landed sector. This may be attributed to the faster appreciation of house prices in the landed sector compared to strata in recent times; in which the incremental in rental yields has not caught up with the appreciation rate of house prices.

In the landed sector, the highest average gross rental yield was observed in Putrajaya and the lowest in Selangor. This was in line with the astronomical gains in house prices in Putrajaya in recent times. However, the yield bandwidth was the smallest in Putrajaya and the largest in Kuala Lumpur. This may be due to the relatively small size of Putrajaya and the lack of variety in this Federal Territory.

Whereas in the strata sector, the highest average gross rental yield was recorded in Selangor and the lowest in Kuala Lumpur. This came as a surprise since strata properties made up the bulk of the transactions in Kuala Lumpur. It may be deduced that the rental demand for strata units in Kuala Lumpur was muted due to a surge in supply in recent times. Likewise, the rental bandwidth was the largest for Selangor and the smallest for Putrajaya.

Figure 32: Number of residential transactions by price range in Kuala Lumpur (Q1 2014) (NAPIC, 2014).

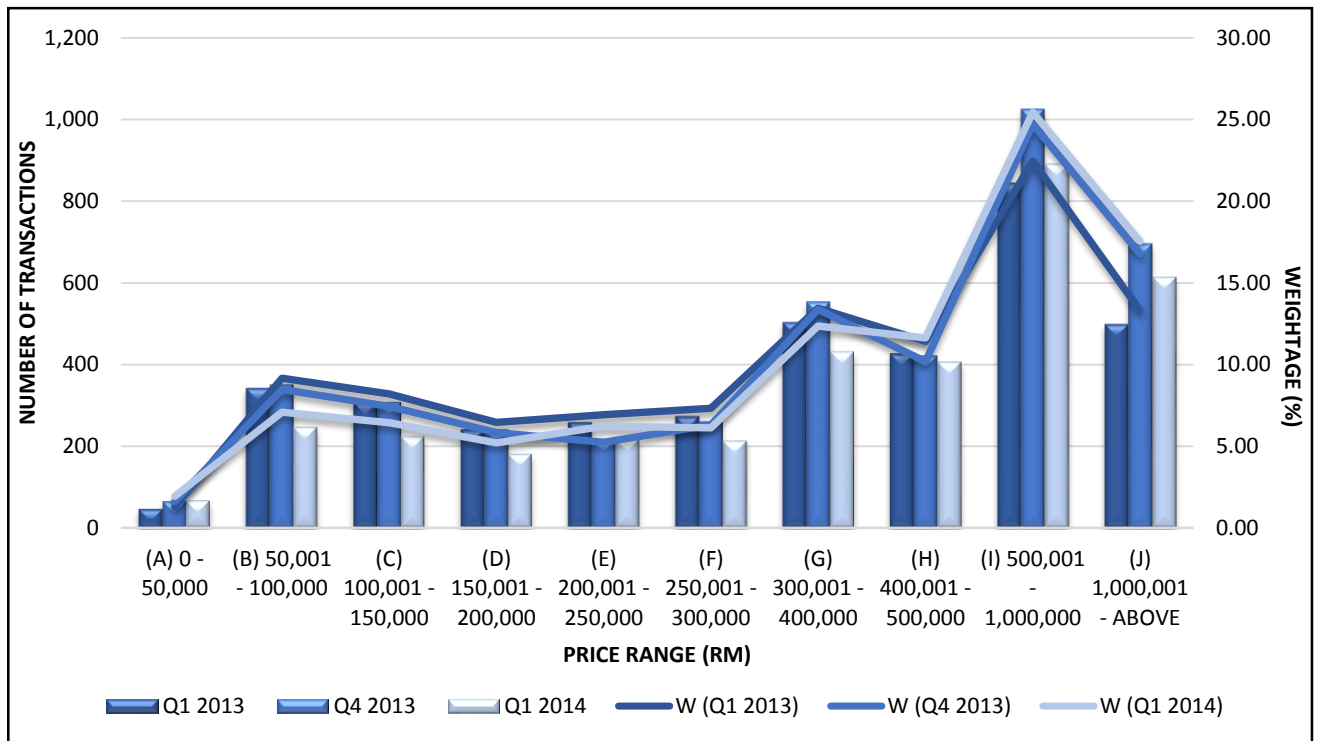


Figure 33: Number of residential transactions by house type in Kuala Lumpur (Q1 2014) (NAPIC, 2014).

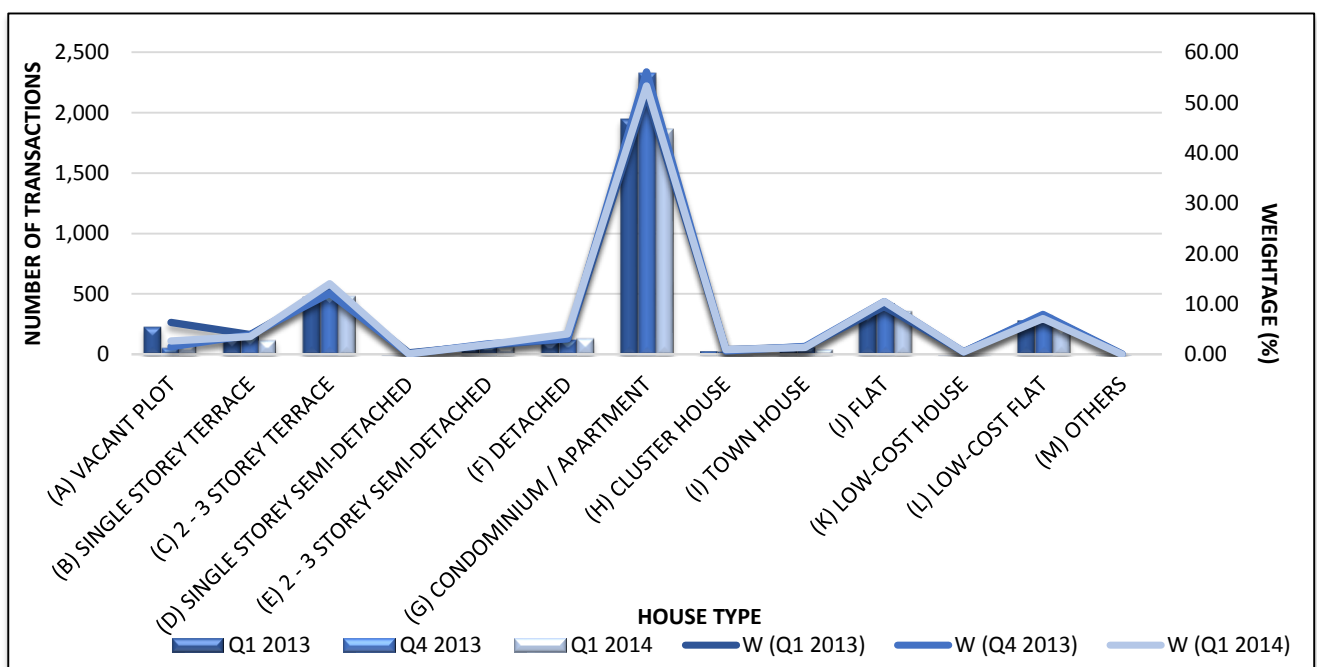
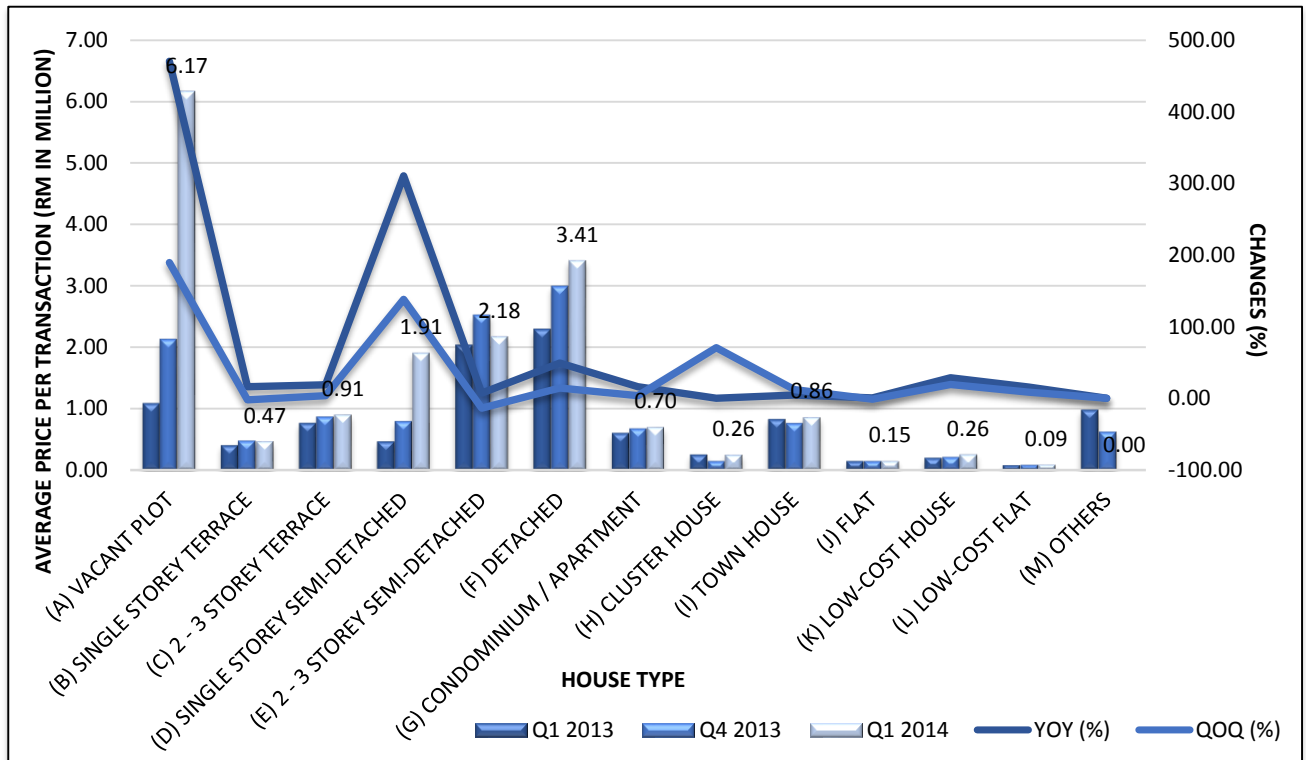


Figure 34: Residential average price per transaction by house type in Kuala Lumpur (RM in million) (Q1 2014) (NAPIC, 2014).



In this finale, the number of transactions in Klang Valley will be further broken down into individual states; mainly Kuala Lumpur, Putrajaya, and Selangor.

Kuala Lumpur

The highest number of transactions was recorded in the price range of RM 500,001 – 1,000,000; which accounts for a quarter of the total transactions in KL. The second was RM 1,000,001 and above at 17%. Price range of RM 200,001 – 250,000 and RM 250,001 – 500,000 each recorded more than 10% each. For those below the RM 200,000 categories, every single one of these price range has less than 10% each from the total transactions in KL. Obviously, the price range was skewed to the left, which put more emphasis on higher price range.

The most preferred house type in KL was condominium and apartments which made up more than half of the total transactions in Q1 2014. This was followed by 2 -3 storey terrace houses which represents 14% of the total transactions. All of the other house types were less than 10% each. Number of transactions for all strata properties was 70%.

Generally, all house types recorded positive YOY changes for average price per transactions. Some of biggest advancers were single storey semi-detached houses and detached houses. QOQ, almost all house types recorded positive growth except for 2 – 3 semi-detached houses, single storey terrace, and flats. Two of the notable gainers were single-storey semi-detached houses, and cluster houses. However, when compared with QOQ changes, the rate of increment seems to be slowing down in the near term for all house types except for cluster houses.

Figure 35: Number of residential transactions by price range in Putrajaya (Q1 2014) (NAPIC, 2014).

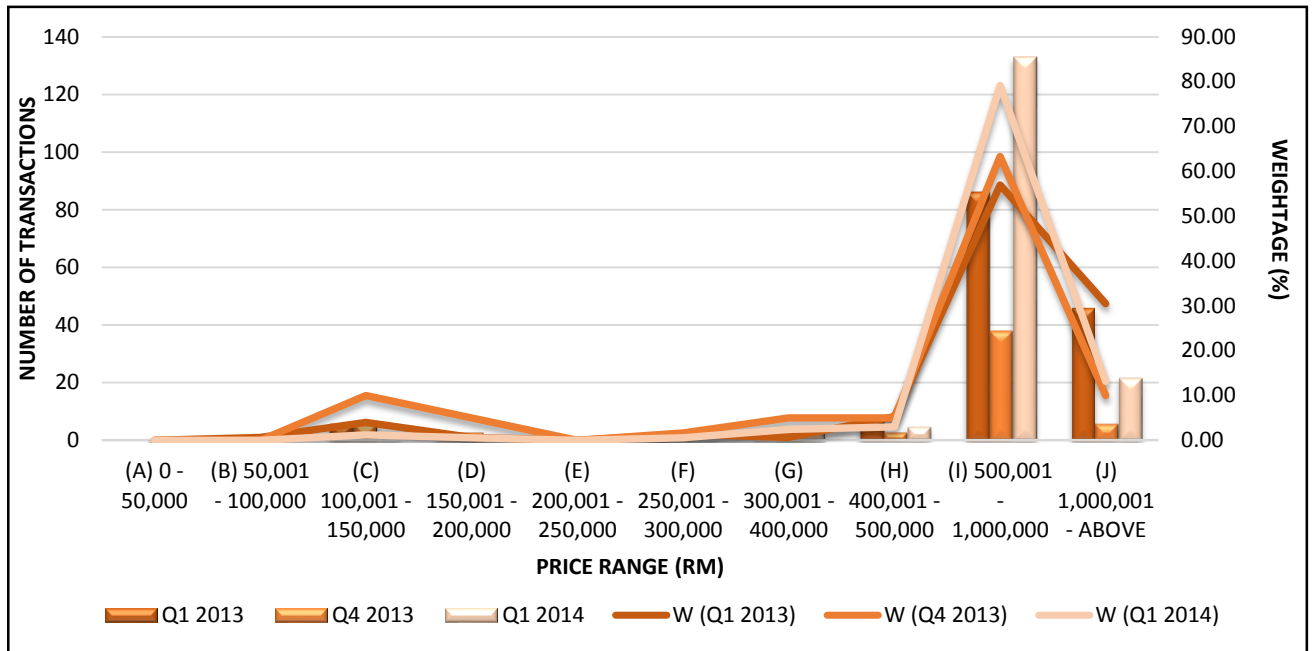


Figure 36: Number of residential transactions by house type in Putrajaya (Q1 2014) (NAPIC, 2014).

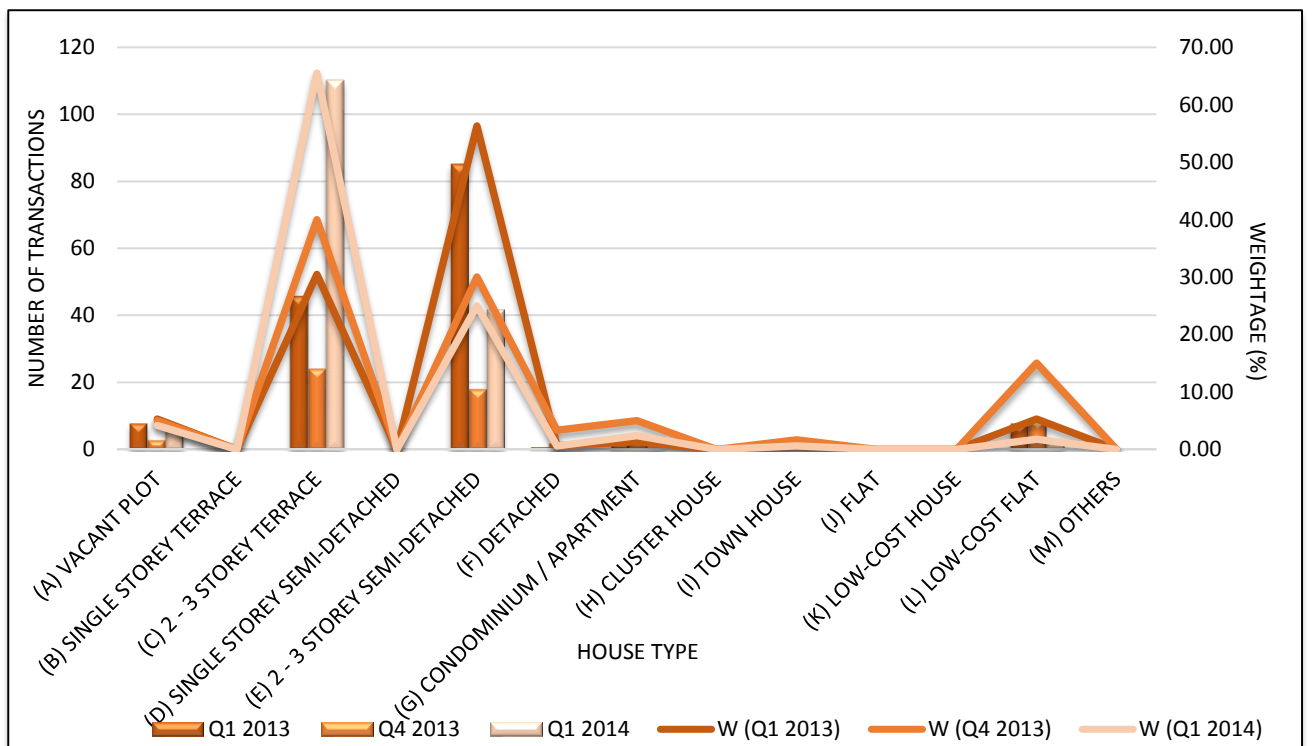
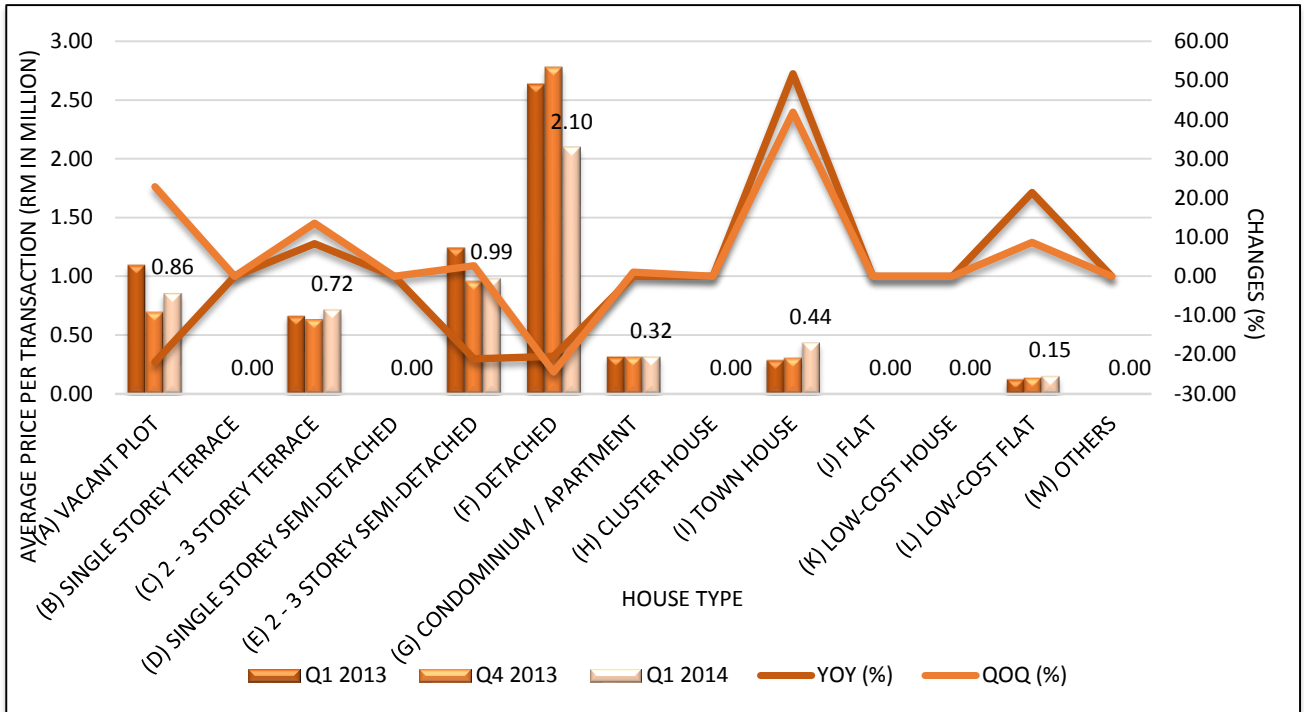


Figure 37: Residential average price per transaction by house type in Putrajaya (RM in million) (Q1 2014) (NAPIC, 2014).



Putrajaya

Most transactions in this Federal Territory was only limited to 2 price range; RM 500,001 – 1,000,000 (79%) and RM 1,000,001 and above (13%). Other categories were rather inactive. As such, the price range was highly skewed to the left, which put more emphasis on higher price range.

Unlike KL, landed properties were more preferred in Putrajaya due to the large abundance of land. The most transacted house type in KL was 2 -3 storey terrace houses (65%), followed by 2 - 3 storey semi-detached houses (25%). There was a shift in weightage from semi-detached houses to terrace houses.

Basically, almost all house types recorded positive YOY changes for average price per transactions, except for 2 – 3 storey semi-detached houses and detached houses. Some of biggest advancers were town houses and low-cost flats. QOQ, all house types recorded positive growth except for detached houses. Two of the notable gainers were town houses, and 2 – 3 storey terrace houses. When compared with QOQ changes, the rate of change seems to be quite stable in the near term for all house types.

Figure 38: Number of residential transactions by price range in Selangor (Q1 2014) (NAPIC, 2014).

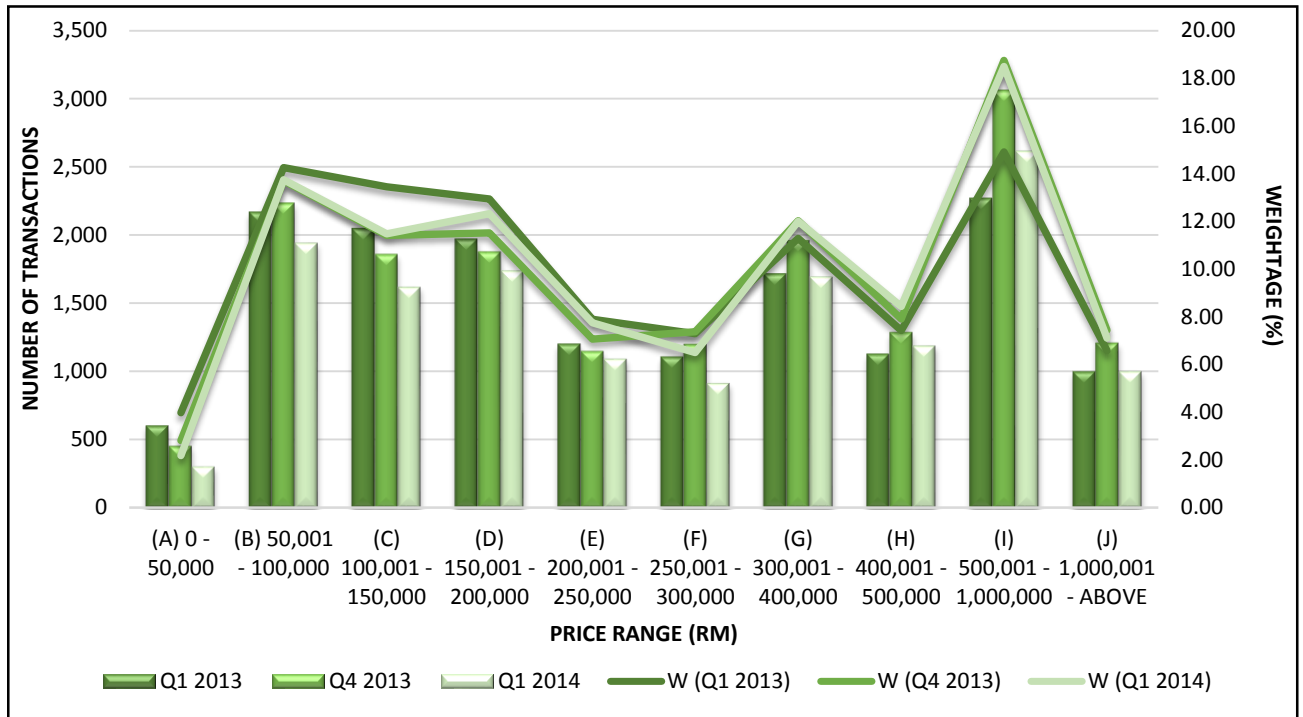


Figure 39: Number of residential transactions by house type in Selangor (Q1 2014) (NAPIC, 2014).

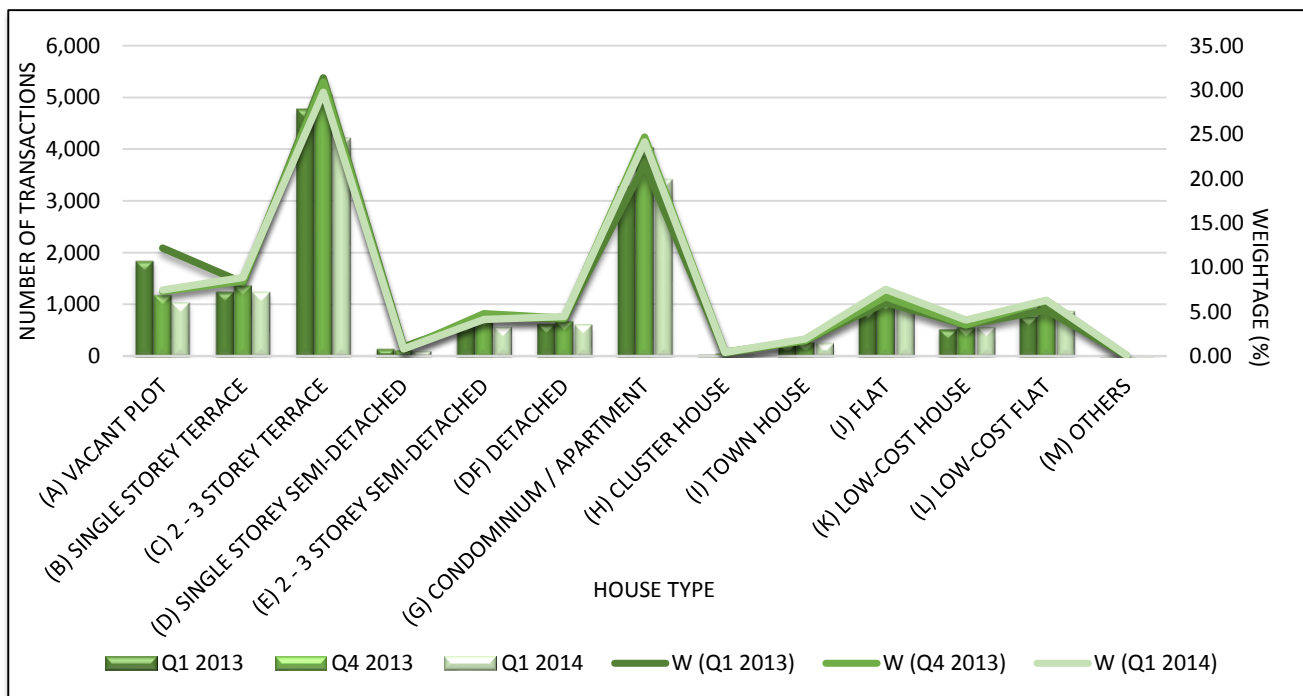
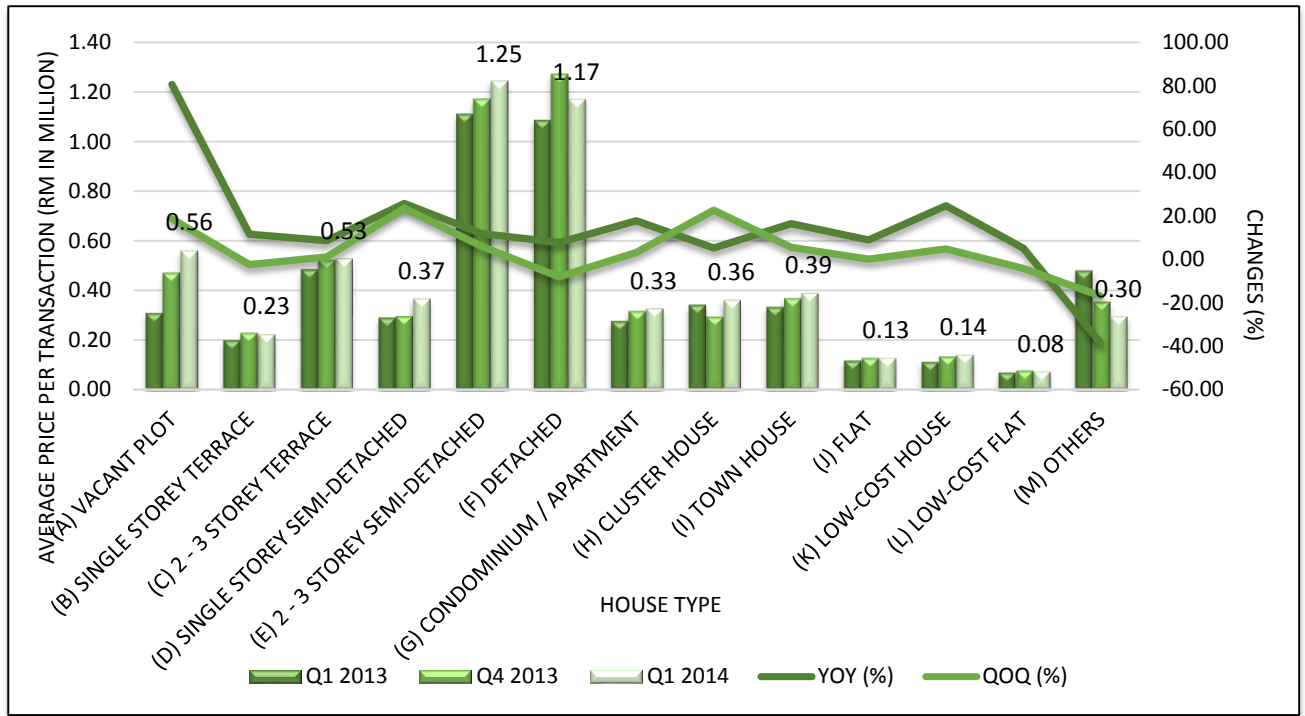


Figure 40: Residential average price per transaction by house type in Selangor (RM in million) (Q1 2014) (NAPIC, 2014).



Selangor

Due to its sheer size in the Klang Valley, Selangor’s residential transactions were quite similar to the Valley. Distribution of the value of transactions within Selangor was the highest in the price range of RM 500,001 – 1,000,000 (18%). The shape of the entire distribution is like a double parabolic curve; with concentrations in the lower end price range of RM 25,001 – 100,000 and higher end of RM 200,001 – 1,000,000. Whereas there was a slight trench in the mid-range of RM 100,001 – 200,000. However, there was a weightage redistribution from the lower range of RM 50,001 – 75,000 to the higher end of RM 500,001 – 1,000,000.

The most preferred house type in Selangor was 2 – 3 storey terrace houses which made up close to 30% of the total transactions in Q1 2014. This was followed closely by condominiums and apartments which represents 24% of the total transactions. All of the other house types were less than 10% each. Number of transactions for all strata properties was 39%.

Generally, almost all house types recorded positive YOY changes for average price per transactions except for housing classified under others. However, when compared with QOQ changes, the rate of increment seems to be slowing down in the near term.

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