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► Placing prompts greater need for efforts to improve cost of living: Expert

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**PETALING JAYA:** A new study has found that Malaysia ranks fourth among the most affordable places to live in from 29 countries surveyed.

Economist Dr Yeah Kim Leng said the Utility Bidder UK affordability index is based on the average cost of electricity, gas and housing benchmarked to income levels for cross-country comparisons.

"While it broadly indicates cross-country differences, it is important to note that the index does not cover other living costs as captured within a typical household consumption basket.

"It only takes into account the price of electricity, gas and housing against the gross national incomes per capita."

Yeah said it found Malaysia ranked second in having the cheapest electricity prices, with household electricity sold at a rate of US\$0.05 (RM0.23) per kWh used.

"Malaysia's high score in electricity

affordability is largely due to the producer and consumer subsidies provided by the government.

"Although it recently reduced electricity subsidies, especially for high-income groups based on the amount of power consumed, the electricity tariffs for general consumers remain low compared with other countries.

"It is the same for natural household gas prices. The household usage of natural gas is cheaper because of subsidies provided to independent power producers. The subsidies also help contribute to the low electricity prices for consumers," said Yeah.

The study found that household natural gas usage was priced at US\$0.026 (RM0.12) per kWh, which is ranked third after Argentina and Belarus.

Yeah, a member of the advisory body for the Finance Ministry, said relative affordability is based on the property price-to-income ratio.

"Many other countries had implemented a near-zero or low-interest rate environment after the 2008 global financial crisis. Low-interest rates tend to increase demand for property, which will drive prices upwards. However, compared with the rising property prices in many other countries, those in Malaysia have been on a downward trend for many years, until it went up slightly recently."

According to the National Property

Information Centre, data from the second quarter of last year showed that average home prices stood at RM439,084 compared with RM444,230 in the first quarter of that year.

Yeah said while prices have been gradually decreasing, the distribution of average income per capita was still unequal.

He added that it is not surprising that Malaysia was ranked eighth in housing affordability with a score of 8.1. This is because while prices have been going down, low and middle-income Malaysians still find it beyond their reach.

He said although Malaysia has been ranked top four in the list of most affordable countries to live in, there is still more to be done to improve affordability and cost of living.

"The government should continue to foster market competition and help ease the costs of starting or doing business by minimising regulatory costs and helping to foster a business-friendly environment.

"Foreigners will want to participate in the Malaysian workforce if the cost of living in the country is cheap and affordable.

"Other measures can include encouraging entrepreneurship, adopting technology and value-adding activities through innovation that will raise the efficiency and productivity of the country's production systems and supply chains."