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Why Malaysia's housing push matters now

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AS Malaysia charts its development path under the recently announced 13th Malaysia Plan (13MP), a five-year roadmap from 2026 to 2031, housing reform takes centre stage in a timely and strategic move.

With the national economy facing headwinds from global tariffs, persistent geopolitical tensions, and elevated uncertainty, the government's focus on sustainable, inclusive development is both necessary and forward-looking.

Affordable housing is a core pillar of 13MP, with the government targeting the delivery of one million affordable homes by 2035. This is complemented by expanded initiatives such as the Housing Credit Guarantee Scheme, Rent-to-Own (RTO) programmes, and the formation of a centralised national housing agency to coordinate affordable housing supply across Malaysia.

These efforts are aimed not only at improving homeownership access for the B40 and M40 groups but also at reshaping the broader housing ecosystem to be more equitable, efficient and resilient.

Slowing market signals demand for policy intervention

This renewed focus on affordable housing could not be more timely. According to National Property Information Centre, Malaysia's property market experienced a slowdown in the first quarter of 2025, with transaction values falling by 8.9% year-on-year to RM51.42 billion, and transaction volumes declining by 6.2%. Compounding this is the recent downward revision of Malaysia's 2025 GDP growth forecast by Bank Negara Malaysia, now projected at 4% to 4.8%, reflecting growing economic uncertainty.

Yet despite these challenges, demand for affordable housing remains strong. Using the median income of the lowest quartile of the B40 segment as a benchmark, homes would need to be priced below RM300,000 to be considered affordable. Between December 2024 and April 2025, enquiries for homes under RM300,000 fell by 11.8% amid growing economic uncertainty.

Encouragingly, search enquiries on PropertyGuru rebounded by 29% as economic sentiment began to stabilise and supportive policies were announced. This uptick in demand likely reflects improving consumer sentiment.

Location still matters: Urban centres in focus

A key question emerging from 13MP is not just how many homes will be built, but where they will be located. PropertyGuru's July 2025 data shows that low-income households continue to prioritise access to jobs, transport, and essential services. States such as Kuala Lumpur, Selangor, Johor, and Penang remain high-demand areas due to their urban amenities and economic opportunities. Enquiry volumes for homes under RM300,000 remain elevated in these states, with Kuala Lumpur registering the sharpest rebound in recent months. Consumers in this segment are gravitating towards neighbourhoods with older housing stock, established public housing, and close proximity to transit routes and economic hubs.

Structural reforms can drive long-term impact

The Rent-to-Own (RTO) model can serve as a practical and accessible pathway to homeownership, especially as newly constructed affordable units will take time to materialise.

For households in the bottom income quartile of the B40 group, where 30% of median monthly income translates to a rental affordability threshold of around RM1,500, demand for rental properties under this level is growing steadily. This model, if effectively implemented under 13MP, RTO can act as a near-term bridge for households facing immediate affordability challenges.

13MP also outlines critical structural reforms such as the mandatory adoption of a build-then-sell model to reduce the risk of abandoned projects, amendments to the Housing Development Act to strengthen consumer protection, and plans for an integrated housing data repository to improve planning and oversight. These are long-awaited interventions that address persistent inefficiencies in the housing market.

Crucially, the plan encourages urban redevelopment of underutilised areas, utilisation of Pesuruhjaya Tanah Persekutuan, Wakaf and Malay Reserve land, and promotes large-scale adoption of industrialised building systems and Building Information Modelling to speed up construction and reduce costs in the long term. These structural changes point to a more holistic and future-proof approach to housing policy.

A foundation for inclusive growth

At PropertyGuru and iProperty, we believe that access to affordable, well-located housing is foundational to building a more inclusive and upwardly mobile society. 13MP represents a clear opportunity to recalibrate Malaysia's housing ecosystem, aligning supply with real demand and embedding long-term resilience into our urban planning.

By prioritising accessibility and accountability in housing delivery, Malaysia is not only meeting a pressing market need but also laying the groundwork for a more equitable future.

This article is contributed by PropertyGuru and iProperty country manager Malaysia, Kenneth Soh.