Supply of affordable housing Affordability level ■ Introduction of affordable housing by Government/private developers may ■ Unaffordability leads to affect free-pricing units within similar oversupply in certain price range, in both buying and rental locations, which puts markets pressure on prices **Existence of** Creative designs, speculators concept and practicality **Incoming supply** Rental return ■ Speculative demand, ■ This lead to higher construction cost particularly during good but enhances project, thus gaining ■ Higher rental ■ Huge incoming supply times who are neither of similar properties returns attract buyers' appreciation and result in a investors nor occupiers within the same willingness to pay more investors and vicinity creates subsequently competition. This impact pricing brings prices down **Statutory contributions Population** growth ■ Higher statutory payments (development charge, land ■ Property location, pricing, type and size conversion premium, utility contributions etc) will lead to are determining higher development costs for the factors developers, which will be **Interest rate** ■ Increase in migration transferred to the buyers ■ Low interest rates from other states to mean cheaper Klang valley and by financing cost; foreigners enhances demand for residential properties' Household debts and property investdemand availability of financing ment increases ■ Low interest rates ■ Malaysians use more than also discourage two-fifths of their monthly savings which disposable income to service seeks after alternative ■ A consistent high level of houseinvestments such hold debt have a negative impact as properties on the market Location ■ Areas closer to the city centre have better accessibility and **Government/** Security can fetch better **Bank Negara's cooling** prices ■ Break-ins measures and crimes within the ■ Abolishment of developers interest vicinity bearing scheme (DIBS) increases holding cost during construction ■ Loan-to-value (LTV) ratio calculation for mortgage financing is based on the net selling price less rebate / discount **Sentiment and confidence** level ■ Weakening property market sentiment and investors' confidence affect demand for property investment ■ Weakening ringgit means foreigners can buy Malaysian properties cheaper in foreign currency; but there is also a fear of currency depreciation on future disposal Infrastructure, facilities and amenities ■ Distance from MRT & **Stock market performance** LRT stations, highway, schools, malls and ■ Strong property prices enhance property companies' net book value, sales performance and share price other facilities affect property demand ■ Strong stock market provides higher wealth and gain for re-investment in the property market **Goods and Density/ plot ratio Services Tax Incidental costs** Condition (GST) of building of acquisition approved population ■ Implementation of Money supply in market and disposal Inflation Defects density / plot ratio reduces **Gross domestic** GST increases Cost of living result in its per unit land cost and ■ Stamp duty, real ■ High inflation ■ Growth in broad money (M3) construction cost added repair product (GDP) allows developers to sell at ■ Higher cost of property gains tax erodes net directly impacts property prices as for property costs living reduces a lower price (RPGT) and legal fees there is more cash "chasing" after interest return on ■ Strong GDP growth development and Source: ■ High-density units result in affect net return on fixed deposits/ properties and other assets disposable income developers tend to improves a country's Jordan Lee & Jaafar and extra money bonds; encouragovercrowding, particularly property investment (Malaysia M3 was recorded at income and wealth transfer the extra on shared common areas RM1.56tril in August 2015 after it allocated for ©The Star Graphics ■ High incidental costs es property levels, which increases cost to buyers to and facilities. This may discourage property investment for reached an all-time high of 1.59tril investment by Muhd Hafeez sustain their profit property investment in March 2015) reduce buyers' preferences investment purposes better gains activities