

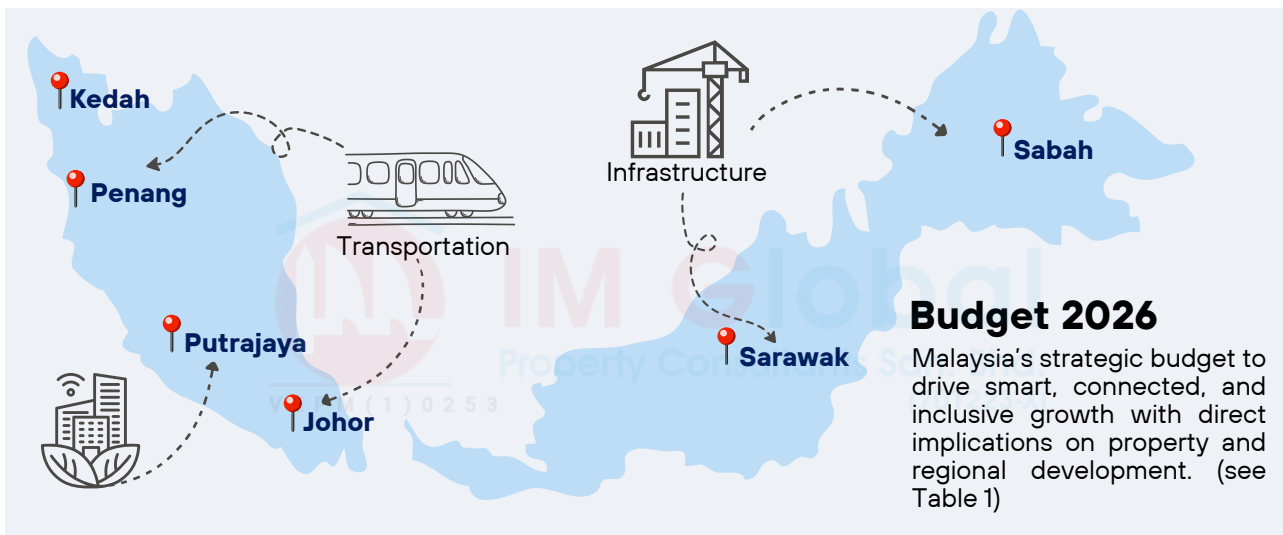
The IMG Monthly Bulletin serves as a comprehensive review of developments in the real estate industry, bringing together insights, news, and updates on the property market. Each week, we publish focused snapshots on the month's main theme, offering timely perspectives on key trends shaping the sector. At the end of every month, these insights are consolidated into the IMG Monthly Bulletin, providing readers with an in-depth overview of industry movements, emerging opportunities, and strategic considerations for stakeholders across the property market.

Budget 2026 vs Real Estate & Property Market


Contents:

- Part 1 Smart & Sustainable City Development: Infrastructure and Mobility
- Part 2 Affordable Housing, People's Housing & Public Servant Housing Support
- Part 3 Regulatory, Tax Incentives, Market Stability & Ownership Activation
- Part 4 Insights from Real Estate Professionals

Central Node




Interpretation and Link to Budget 2026



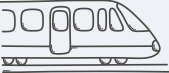
Smart Cities

Kota MADANI and transport/infrastructure corridors are catalysts for demand in zones that are reasonably priced yet well-connected. Budget 2026 could amplify this by providing targeted support (eg. grants, tax rebates) for developments near key transport nodes or smart-city precincts.



Infrastructure

Infrastructure-driven value uplift means the government could consider mechanisms to capture value (eg. land-value uplift tax, or reinvestment of value gains into affordable housing) so that public infrastructure investment also supports broader housing affordability. Also, in regional states (Johor, Penang, Sabah/Sarawak) where infrastructure gets major allocations, budget-2026 measures could focus on regional housing supply, affordable-housing in growth corridors, and preventing speculative excess.



Transportation

Given rising supply but modest transaction growth, budget measures could incentivize uptake in new supply (e.g., subsidies for developers who build near transport hubs, or for buyers choosing TODs).

Market Signal: Property Market H1, 2025



The Malaysian property market recorded 196,232 transactions worth RM107.68 billion, reflecting a 1.3% dip in volume but a 1.9% increase in total value versus H1 2024.

Transaction Share by Sector

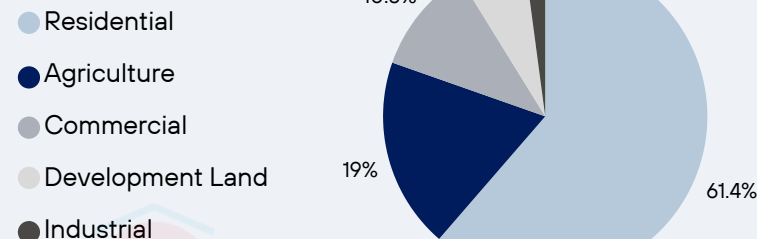


Table 1: Malaysia's Budget 2026 for Infrastructure and Mobility

Budget 2026	Impact on Property Market
<p>Smart City Development Kota MADANI Precinct 19, Putrajaya: Malaysia's first smart, AI-integrated and green city (10,000 homes - 80% reserved for civil servants).</p>	<ul style="list-style-type: none"> • Sets a benchmark for future urban townships. • Encourages smart infrastructure investments. • Increases nearby land and property values due to improved livability and connectivity.
<p>Infrastructure & Regional Development Major allocations across states for roads, underpasses, flood control, healthcare, and industrial parks. <u>Examples:</u> Penang</p> <ul style="list-style-type: none"> • PLUS Traffic Dispersal Project: Juru Toll to Sungai Dua Toll • Water Supply: Upgrade of Titi Kerawang & Teluk Awak intakes; new raw water pipes to Teluk Bahang Dam <p>Kedah</p> <ul style="list-style-type: none"> • Flood Mitigation: Sungai Karangan retention pond, Kulim • Tourism: Kuala Kedah Waterfront Development • Coastal Protection: Pantai Lemau erosion control (Kota Setar) <p>Sabah/Sarawak</p> <ul style="list-style-type: none"> • RM12.9 billion combined for infrastructure & housing (highest in history). • Cross-Border Connectivity: New road Kalabakan to Simanggaris • Flood Prevention: Sungai Moyog River Basin bund construction • Urban Utilities: Pipe replacement in Kota Kinabalu, Penampang & Putatan 	<ul style="list-style-type: none"> • Infrastructure upgrades: increase land and property values along new road/rail corridors. • Improved accessibility boosts suburban & secondary township growth. • Encourages regional investment & industrial property development. • Better mobility expands residential demand radius (more people can live farther but commute efficiently). • Property prices and land demand likely to rise near key stations and towns. • ECRL: Creates new residential and commercial growth corridors, especially in Kuantan, Kuala Terengganu, and Kota Bharu. Stimulates affordable and staff housing demand around industrial zones like Tok Bali, Pasir Puteh. • Enhances property values near new stations and along transport lines. • Contributes to low-carbon city goals, influencing ESG property certification.
<p>Transportation</p> <ul style="list-style-type: none"> • ECRL, LRT3, and LRT Mutiara (Penang) to be operational by 2025–2026. • 310 new buses, 300 electric vans (DRT) and 1,450 electric buses by 2030. • Green mobility and connectivity improvements will create higher demand for transit-oriented developments (TODs). 	

Part 2 - Affordable Housing, People's Housing & Public Servant Housing Support

Budget 2026

Affordable Housing & People's Housing

RM672 million

Total allocation for:

Program Residensi Rakyat (PRR) & Rumah Mesra Rakyat (RMR). Completion next year benefits 33,000 residents.

RM20 billion

Guarantee increased for:

Skim Jaminan Kredit Perumahan (SJKP) from an initial RM10 billion to RM20 billion. This expansion is specifically designed to help gig workers and other individuals without fixed monthly incomes to purchase their first home.

RM500 million

Total allocation for:

3,300 dilapidated homes, including 380 fishermen's houses, will be repaired or rebuilt.

RM143 million

Total allocation for:

The maintenance of public housing facilities (PPR), low and medium-cost strata housing, which specifically includes the replacement of old and faulty lifts.

RM90 million

Total allocation to:

Improve basic infrastructure in Chinese New Villages and Indian Villages.

Public Servant Housing Support

RM2.2 billion

Total allocation for:

Construction, repair & maintenance of government quarters.

RM500 million

Total allocation for:

New quarters projects: Armed Forces Family Housing (RKAT) at Kuantan Air Base, Pahang, benefiting around 800 military personnel.

RM1 billion

Total allocation for:

The SJKP now covers up to 120% of property value for contract staff as part of efforts to improve homeownership, complemented by a separate RM500 million fund from Bank Simpanan Nasional (BSN) for first-home loans.

RM1 million

Financing limit for:

The LPPSA Youth Housing Scheme has been extended to December 31, 2026, and is expected to benefit up to 48,000 young civil servants under the age of 30, which also includes raising the maximum LPPSA financing limit to RM1 million and making second-home financing easier starting in the fourth quarter of 2026.

Impact on Property Market



Supports B40 and M40 housing demand and enhances community well-being.



Increases maintenance demand and opens opportunities in property management for public housing schemes.



May stabilize rental markets for low-income groups and uplift social property values.



Strengthens demand from government sector buyers.



Improves loan accessibility, especially among younger or contract employees.



Potentially stimulates mid-range housing markets near government centres.

Market Signals: Property Market H1, 2025

The property market in 2025 highly supported by the implementation of various government initiatives outlined in the Budget 2025. Among the notable initiatives include:

RM10 billion

Total allocation for:

Housing Credit Guarantee Scheme (SJKP).

RM452 million

Total allocation for:

14 Project Rumah Mesra Rakyat (RMR)

RM5 billion

Total allocation for:

Step-Up Financing Scheme under SJKP.

RM405 million

Total allocation to:

Continue 48 Program Residensi Rakyat (PRR)

RM200 million

Total funding through:

UDA Holdings Berhad to develop affordable housing on waqf lands.

Residential Market

< RM300,000

Dominate the residential market:

53.1%

Transactions volume

RM300,001 - RM500,000

Dominate the residential market:

24.3%

Transactions volume

RM500,001 - RM1 million

Dominate the residential market:

16.8%

Transactions volume

> RM1 million

Dominate the residential market:

5.8%

Transactions volume

Key Takeaways

Budget 2025 has set the blueprint for sustainable property market growth, and Budget 2026 is poised to build upon this momentum, ensuring continued growth in Malaysia's property market.

Tackling the Property Overhang

Budget 2026 Focus Area



Budget 2026 initiatives could help absorb existing unsold stock by improving buyer accessibility and confidence.



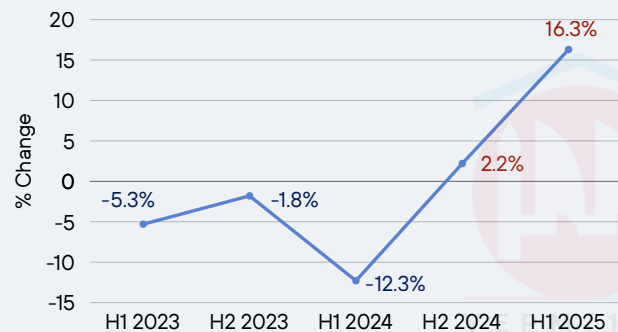
The government is directly linking fiscal stimulus to end-user affordability, shifting focus from supply expansion to **demand activation** and quality enhancement.



Tackles geographic overhang by creating new high-connectivity growth corridors and expanding residential viability beyond city centres.

The Overhang of Unsold Homes, H1 2025

Residential Unsold Completed Units H1 2023 - H1 2025



The overhang of unsold homes in H1 2025 increased compared to H2 2024.

- Unsold completed units rose 16.3% (26,911 units).
- The total value is RM16.44 billion.

Unsold Completed Units by State

WP Kuala Lumpur	3,643 units
Perak	3,266 units
Johor	3,209 units

WP Kuala Lumpur	RM3.16 billion
Johor	RM2.76 billion
Selangor	RM1.98 billion





Unsold Completed Units by Price Range

< RM300,000	36.1%
RM300,001 - RM500,000	26.5%
RM500,001 - RM1.0 million	25.8%
RM500,001 - RM1.0 million	11.6%

Why does this happen in the property market?

- Many unsold units are in less strategic or inconvenient locations, far from public transport, jobs, or amenities.
- Houses often build in fringe or secondary locations (e.g., outskirts of Johor Bahru, Perak, or Kedah) because land is cheaper, but demand in those areas is limited.
- The median household income growth has not kept up with rising property prices.
- Even with government support like SJKP guarantee, many still struggle with downpayments and loan eligibility.
- Banks have become more cautious. High rejection rates for home loan applications, especially for first-time or lower-income buyers.

Budget 2026: Stamp Duty & Housing Incentives Details

Initiative	Description and Conditions	Effective Dates/ Effective
 Full Stamp Duty Exemption (First-Home Buyers)	Full exemption on both the instrument of transfer (MOT) and loan agreement for first-time Malaysian citizen homebuyers purchasing residential property valued up to RM500,000.	Extended until December 31, 2027, for Sale and Purchase Agreements (SPA) executed during this period.
 Higher Stamp Duty (Foreign Buyers)	Non-citizen individuals and foreign companies (excluding Malaysian permanent residents) will face a flat stamp duty rate of between 4% and 8% on residential property transfers, depending on the property's value.	Effective for instruments of transfer executed on or after January 1, 2026.
 Rent-to-Own (RTO) Schemes	The government is encouraging financial institutions to support and expand RTO schemes, particularly under the 13th Malaysia Plan, to assist households that cannot afford the initial down payment or do not qualify for commercial financing.	Ongoing and encouraged by the government.
 Build-Then-Sell (BTS) Model	The government encourages financially capable developers to adopt the 10:90 BTS model (10% upfront, 90% upon completion), which protects buyers from abandoned projects. Incentives are being offered to promote this model.	Encouraged model, incentives to be announced soon/are being offered.
 Tax Deduction for Commercial-to-Residential Conversion	Developers converting commercial buildings into residential properties are eligible for a special 10% tax deduction on qualifying expenditures, capped at RM10 million.	Announced as part of the Budget 2026 measures.

Budget 2026: Strategic Land & City Improvement

50-acre Malay Reserve Land

An additional 50 acres of land in the Bandar Malaysia development project in Kuala Lumpur will be designated as Malay Reserve Land.



Development Plan: Petronas, the landowner of the Bandar Malaysia area, is in the process of drafting a development plan, with the first phase scheduled to commence towards the end of 2026.

RM500 Million

Urban renewal and city improvement, specifically targeting old markets and People's Housing Programme (PPR) maintenance.



City Improvement: The Kuala Lumpur City Hall (DBKL) will allocate an internal fund of RM500 million. The fund is divided into two main parts: RM200 million for redeveloping old markets, hawker centers, and food courts, and RM300 million for the maintenance of PPR buildings, including electrical wiring, etc

Qualitative Insights: Voices from The Market



Rakyat Perspective:

Q1: Are you aware of housing programmes such as PPR or Rumah Mesra Rakyat (RMR)?

A: Yes, I'm aware of them. But the income eligibility for Rumah Mesra Rakyat can be quite restrictive, especially for the B40 group. I think institutions should make the qualification process more flexible based on actual income levels. As for the M40 group, we're stuck in the middle which we can't afford market-priced homes, and at the same time, we don't qualify for programmes like RMR.

Q2: In your view, does Budget 2026 help Malaysians buy their first home?

A: Yes, I think so. Incentives like the SJKP guarantee are very helpful, especially for first-time homebuyers who struggle with loan approval.

Q3: What do you think is the most important step to help young people own homes?

A: For me, the main issue is the price of homes. A single-storey landed house in a suburban area may cost around RM300,000, but in the city it can go above RM800,000. Schemes like PR1MA and Rumah Selangorku are good, but they are not enough, even when I applied, the units were already sold out.



Industry Perspective – Real Estate Negotiator & Developer:

Q1: Has demand for affordable housing increased after the government announced new assistance programmes?

A: Yes, that's true. Many of my clients already had the intention to buy, but after the government assistance was announced, they decided to wait for the incentives that will take effect in 2026. This is especially common among government staff because Budget 2026 includes major improvements for LPPSA.

Q2: Which income group is currently buying the most homes from you? B40, M40, or government servants?

A: Mostly the B40 group. Even with an income of around RM2,500, they still have a strong desire to own their dream home. Because of their income level, I usually advise them to consider homes around RM200,000 so they won't be burdened by monthly instalments. But nowadays, it's hard to find suitable landed homes at RM200,000, even here in Seremban. I've also noticed that the Seremban market is picking up because more people working in KL are starting to look for homes in suburban areas.

Q3: In your opinion, which segment will grow the fastest next year – affordable homes, rent-to-own housing, or green homes?

A: Definitely affordable homes, followed by rent-to-own units, and lastly green homes. Green housing takes more time to gain traction because buyers still need clearer understanding of how green homes truly benefit their daily lifestyle. In Malaysia, awareness about the real value of green housing is still developing.

Part 4: Insights from Real Estate Professionals

Registered Valuer: **Sr Mohd Rahmat Bin Mohamad Sanusi**
Manager of Valuation and Asset Department at IM Global Property Consultant

Enhanced Housing Facilities



Boosted Affordability & First-Time Homebuyer Entry

The budget provides:

Significant financial leverage, making homeownership more accessible and stimulating market demand.



Massive Loan Facility Expansion:

The government's expansion of the SJKP housing loan program by RM 20 billion. This directly addresses the demand side of the market by increasing purchasing power.

Sustained Tax Relief for Entry-Level Homes:

The stamp duty exemption has been extended until December 31, 2027. This relief component is crucial for lowering the initial costs associated with property acquisition.

Tax Incentives & Exemptions



Support for the Construction Sector and Housing Supply

The budget provides:

Relief aimed at stabilizing costs for developers, which helps ensure a steady supply of housing units.



SST Exemption for Developers: The government has granted an SST (Sales and Service Tax) tax exemption to the construction sector, specifically benefiting housing developers (pemaju-pemaju perumahan). This exemption covers essential components related to leasing and property services, offering cost savings that can encourage continued development activity.

Infrastructure & Connectivity



Long-Term Economic Catalysts: Infrastructure and Value Creation

Sr Mohd Rahmat stressed that the most profound and long-lasting positive impact comes from the government's investment in infrastructure, which fundamentally alters property valuation and national economics:



Connectivity Drives Economic Growth: Mega-status projects like the ECRL enhance national connectivity (jaringan jalan raya) and accessibility (keboleh sampaian).

Dual Positive Impact: The ECRL project is specifically highlighted as providing a positive impact not just to the property market, but also to the overall Malaysian economy.

Job Creation: These infrastructure projects create new job opportunities for Malaysians.

New Benchmarks for Property Value: By establishing new road networks and railway connections, the networks connect new areas, making movement easier (from point A to point B). This improved accessibility consequently increases the value of those areas.

"The ECRL stand out as the game-changer! The impact on connectivity created by the ECRL, linking Kuantan all the way to Port Klang, represents a new benchmark (penanda aras yang baru) for both the property market and the national economy as a whole."

- Sr Mohd Rahmat Bin Mohamad Sanusi

The Malaysian government's strategic Budget 2026 outlines comprehensive measures aimed at fostering smart, connected, and inclusive growth, yielding direct and positive implications for the real estate and regional development sectors. The core of Part 1 centers on Smart & Sustainable City Development, Infrastructure, and Mobility, which is anticipated to set a new benchmark in the property market. Major infrastructure upgrades, including the ECRL, LRT3, and LRT Mutiara (Penang)—scheduled for completion by 2025–2026—are expected to significantly increase land and property values along new corridors, particularly in growth areas like Kuantan, Kuala Terengganu, and Kota Bharu. This enhanced accessibility boosts suburban growth, encouraging regional investment and industrial property development. The ECRL specifically is projected to be a dual catalyst, supporting the overall Malaysian economy while creating new job opportunities.

Furthermore, the budget prioritizes green mobility, with the future deployment of 1,450 electric buses by 2030, expected to drive higher demand for Transit-Oriented Developments (TODs). Regional development is also heavily supported, with Sabah and Sarawak receiving their highest historical allocation of RM12.9 billion for infrastructure and housing, complementing projects in Penang (PLUS Traffic Dispersal) and Kedah (flood mitigation).

This focus on future urban planning is further underlined by Kota MADANI Precinct 19, Putrajaya, highlighted as Malaysia's first smart, AI-integrated city. Market signals from H1 2025 indicated robust activity, with the total value of property transactions rising to RM107.68 billion despite a slight dip in volume, underpinned by the industrial sector and strong growth in states linked to major corridors like Johor and Selangor, where residential properties below RM300,000 dominated transactions (53.1%).

Part 2 focuses on comprehensive support mechanisms for Affordable Housing, People's Housing, and Public Servant Housing. The government is directly boosting affordability by increasing the guarantee for the Skim Jaminan Kredit Perumahan (SJKP) from RM10 billion to RM20 billion, aiming to assist an estimated 80,000 first-time homebuyers, including gig workers, by covering up to 120% of the property value for contract staff. Simultaneously, a total allocation of RM672 million is designated for the Program Residensi Rakyat (PRR) & Rumah Mesra Rakyat (RMR) projects, with RM143 million allocated specifically for the maintenance and repair of public housing facilities (PPR) and strata housing. Support for public servants is also enhanced, with the extension of the LPPSA Youth Housing Scheme until December 31, 2026, benefiting up to 48,000 young personnel, and the maximum LPPSA financing limit raised to RM1 million.

A significant RM2.2 billion is allocated for the construction and maintenance of government quarters, including the new Armed Forces Family Housing (RKAT).

Finally, Part 3 addresses Regulatory, Tax Incentives, Market Stability, and Ownership Activation. To stimulate demand, the full stamp duty exemption on the instrument of transfer and loan agreement for first-time Malaysian citizen homebuyers (up to RM500,000) is extended until December 31, 2027. Conversely, effective January 1, 2026, non-citizen individuals and foreign companies will face a higher flat stamp duty rate of 4% to 8% on residential property transfers. To aid supply and cost management, the SST tax exemption is provided to the construction sector for housing developers (pemaju-pemaju perumahan), while developers converting commercial buildings into residential use qualify for a special 10% tax deduction (capped at RM10 million).

The government is also encouraging the expansion of Rent-to-Own (RTO) schemes and the Build-Then-Sell (BTS) 10:90 model to protect buyers from abandoned projects. These initiatives are strategically designed to address the persistent issue of property overhang—which saw unsold completed residential units rise by 16.3% in H1 2025—by linking fiscal stimulus directly to end-user affordability and creating new,

viable residential areas through strategic infrastructure investments that directly tackle the geographic overhang.

We recently had the opportunity to engage in a valuable discussion with **Sr Mohd Rahmat Bin Mohamad Sanusi, a Registered Valuer at IM Global Property Consultants Sdn Bhd**, concerning the recently tabled Budget 2026 and its expected repercussions for the Malaysian property sector. Sr Mohd Rahmat immediately noted the high interest surrounding the topic, especially in light of the numerous incentives and positive announcements made by the Prime Minister, Datuk Seri Anwar bin Ibrahim. He succinctly categorized the key impacts of Budget 2026 on the property market into three crucial areas of focus: housing facilities, taxes, and infrastructure development, which form the core of the discussion for industry stakeholders to consider.

The first critical area addressed was the Enhanced Housing Loan Facilities. A significant initiative highlighted is the expansion of the government's SJKP housing loan program (Pinjaman Perumahan SJKP). This expansion, valued at a substantial RM 20 billion, is projected to assist up to 80,000 prospective first-time homebuyers by increasing their access to financing. Following this, the discussion moved to the important measures concerning Tax Incentives and Exemptions.

To ease the financial burden on buyers, the exemption period for stamp duty (duty stem) imposed on first-time buyers purchasing homes priced below RM500,000 has been extended until December 31, 2027. Furthermore, the government provided a Sales and Service Tax (SST) exemption to the construction sector, particularly beneficial for housing developers (pemaju-pemaju perumahan), covering components related to leasing and property services, a measure expected to help manage development costs.

The third, and arguably most transformative impact identified by Sr Mohd Rahmat, is the dedicated focus on Infrastructure Development and Connectivity. This investment includes key mega-status projects such as the ECRL, alongside important public transport (pengangkutan awam) initiatives like the LRT and ETS, and the prioritization of road improvement projects. The concentrated attention on these projects significantly aids in improving accessibility (keboleh sampaian) and connectivity (jaringan jalan raya) throughout the country's transport network. Sr Mohd Rahmat specifically stated that the ECRL project provides a positive impact not only on the property market but also on the overall Malaysian economy.

He noted: "Along the entire alignment of the ECRL project, there will be a positive impact on the property market, alongside creating new job opportunities for Malaysians." He concluded that these infrastructure improvements, creating new road networks and railway connections - facilitate easier movement, connect new areas, and consequently increase the value of those areas due to enhanced accessibility, deeming this development a new benchmark (penanda aras yang baru) in the property market.

In conclusion, Budget 2026 presents a strategic, multi-faceted stimulus designed to both activate immediate market demand and ensure long-term, sustainable growth in the Malaysian property sector. The budget addresses affordability and demand through expanded financial facilities, notably the RM20 billion SJKP guarantee and the extended stamp duty exemption, while simultaneously supporting supply stability via the SST exemption for developers and regulatory encouragement for models like Build-Then-Sell (BTS). Crucially, the fundamental long-term impact is driven by strategic infrastructure investment, which Sr Mohd Rahmat Bin Mohamad highlights as the most profound factor.

Major projects like the ECRL and the focus on connectivity fundamentally reconfigure regional economic landscapes, directly enhancing accessibility and creating a "new benchmark" (penanda aras yang baru) for property valuation by transforming previously less viable areas into high-growth corridors.

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