



ASIA PROPERTY MARKET | 2012  
SENTIMENT REPORT



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# 2012

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# CEO's Note

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As the iProperty Group, Asia's No.1 network of property websites moves forward into 2012, we leveraged on our market leading websites in Malaysia, Hong Kong, Indonesia and Singapore as a bellwether to gauge the opinions of thousands of consumers in the region.

Serving an ever-growing number of consumers, agents and developers, the survey provided us with a platform to understand how the general public, property investors, buyers, sellers and owners, including locals and expatriates perceived the property market in 2012.

Conducted from 29th November 2011 to 17th January 2012, the survey gathered a total of 8,499 respondents and the results revealed that despite the worldwide economic uncertainty, majority viewed the property market to be fairly positive.

We trust that this report will offer valuable insights to not just our consumers, but also to developers, real-estate agents and local and international property buyers as they will be able to gauge the sentiments of the market from an unbiased perspective.

We wish to thank all of the visitors to our property portals for their important contributions.

Please feel free to send any comments and feedback to our email address:  
[my.info@iproperty.com](mailto:my.info@iproperty.com)

Sincerely,

A handwritten signature in white ink, appearing to read 'Shaun Di Gregorio', with a long horizontal line extending to the right.

Shaun Di Gregorio  
Chief Executive Officer  
The iProperty Group

# EXECUTIVE SUMMARY

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In the iProperty.com Asia Property Market Sentiment Report 2012, the first such cross-market online property survey of its kind, iProperty survey respondents in Malaysia (iproperty.com.my), Indonesia (rumah123.com and rumahdanproperti.com), Hong Kong (GoHome.com.hk) and Singapore (iproperty.com.sg) revealed their motivations, intentions and preferences in acquiring property.

Indonesian survey respondents were the most likely to have intentions to buy property in the immediate future (75.4%), compared to their counterparts in Singapore (68%), Malaysia (62.3%) and Hong Kong (45.0%).

42.2% of Singaporean respondents who participated in the survey showed interest in overseas property, a significantly larger percentage than in the other countries surveyed.

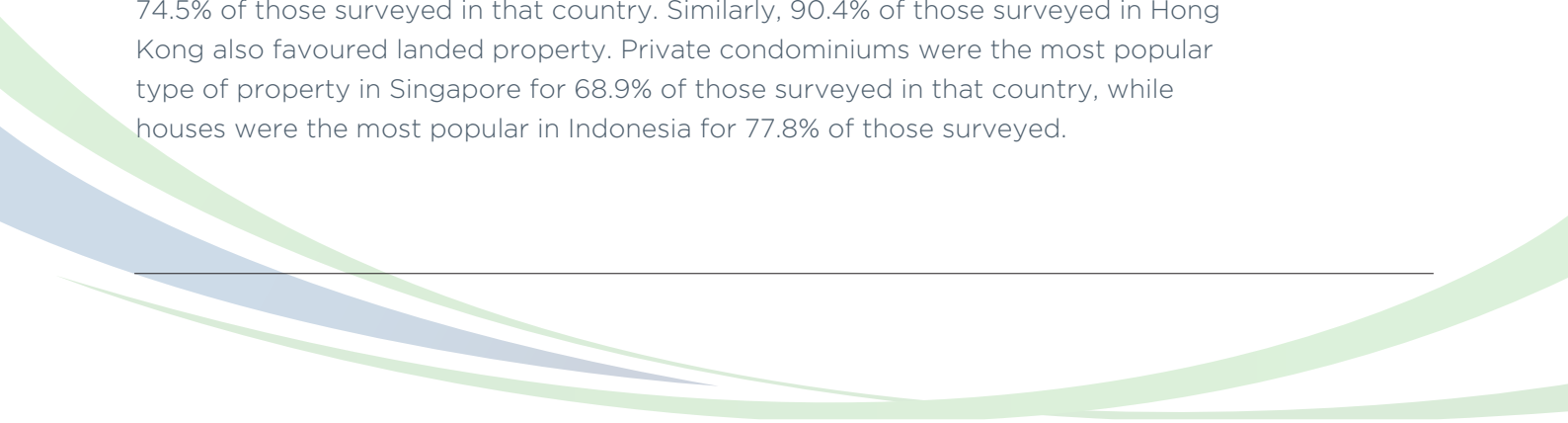
Most survey respondents in each country had only been in their current premises for five years or less. Those surveyed in Hong Kong were most likely (62.1%) to have resided in their home for less than five years.

Although most of those surveyed were between the ages of 26 and 40 years, there were differences from country to country. The 31-35 age group was the largest among survey respondents in Indonesia and Malaysia, the 30-39 age group was the largest among survey respondents in Hong Kong, while the 41-50 age group was the largest among Singaporean survey respondents.

The findings showed that in all four countries surveyed, the respondents overwhelmingly considered price and location to be the two most important factors taken into account in purchasing a property, while political/economic climate and recommendations (from friends, family and property agents) were the least important, out of a list of eight factors. These results were very similar for Malaysia, Singapore, Indonesia and Hong Kong, despite the very different economic outlooks for each country.

Landed property was the most popular type of property in Malaysia, according to 74.5% of those surveyed in that country. Similarly, 90.4% of those surveyed in Hong Kong also favoured landed property. Private condominiums were the most popular type of property in Singapore for 68.9% of those surveyed in that country, while houses were the most popular in Indonesia for 77.8% of those surveyed.

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# METHODOLOGY, ASSUMPTIONS AND CAVEATS

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This research was commissioned by the iProperty Group and was managed by a team consisting of iProperty Group staff and contracted staff.

- In Malaysia, a total of 3,459 people responded to the online survey from 5th December 2011 to 19th January 2012. The survey responses were taken from three collectors: a Facebook post (0.5%), a pop-up invite (29.5%), and a web link (70.0%).
- In Singapore, a total of 1,614 people responded to the online survey from 30th November 2011 to 31st December 2011.
- In Indonesia, a total of 2,372 people responded to the online survey from 29th November 2011 to 19th January 2012.

In Hong Kong, the survey was designed and conducted in both English and Chinese, on the [www.GoHome.com.hk](http://www.GoHome.com.hk) property website.

- In Hong Kong, a total of 1,074 people responded to the online survey from 29th November 2011 to 19th January 2012. 7.2% of survey respondents took the English version of the survey; the rest were surveyed in Chinese.

Analysis of data from each survey question only considered data from questions that were not skipped. This included the aggregate scores from Likert-scaled questions.

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# RESULTS ANALYSIS

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## Asia Overview

Across the four countries surveyed, the respondents had somewhat more in common than they had differences.

Those answering the surveys tended to be the rising income group, with most in the 26-40 year age group. They were also made up largely of executive/managerial and professional occupations, mostly with annual household incomes above the national average.

The majority of people answering the survey in each country had occupied their current premises for less than five years; in other words, they were not the type to settle for what they already had.

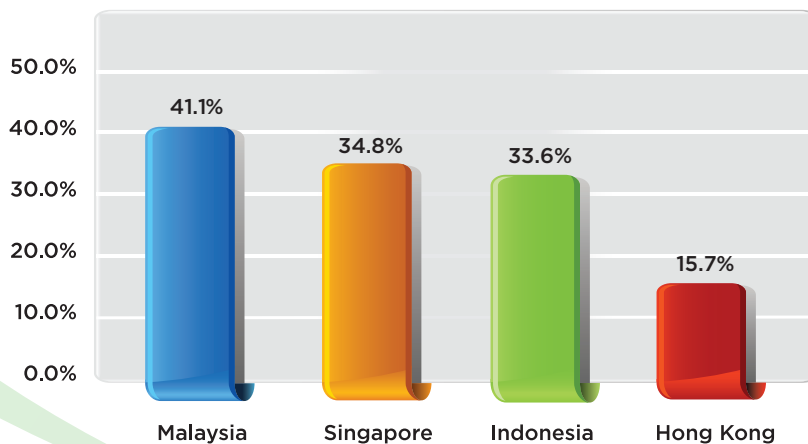
Economic and political concerns were not high on the list of concerns for most survey respondents, which reflects the general economic health of the Asian region.

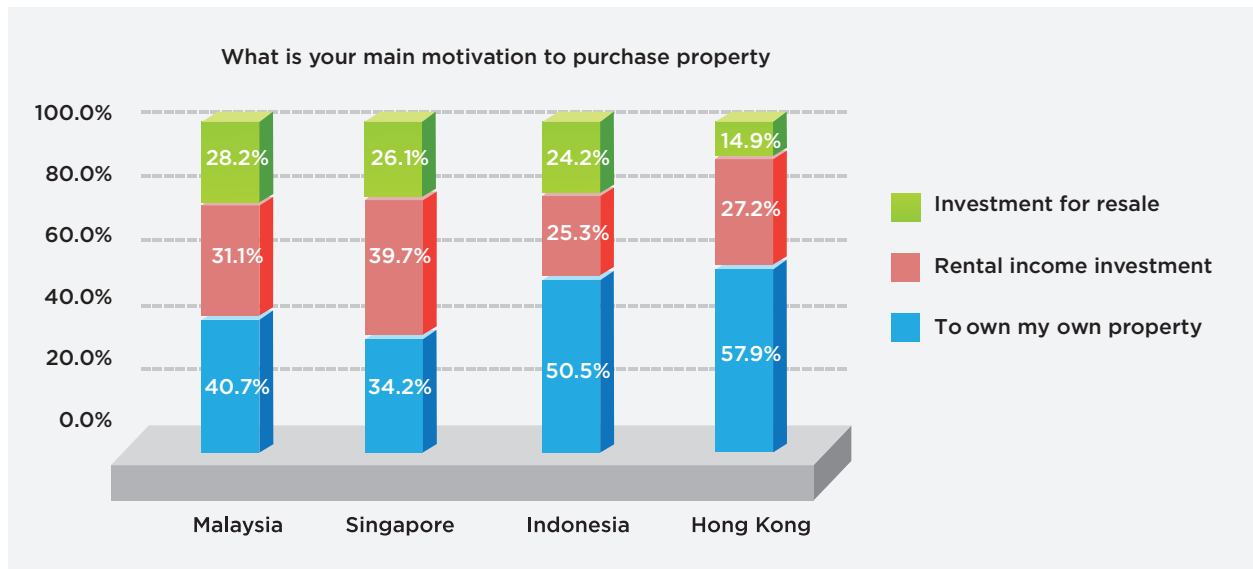
*In deciding on whether or not to buy property, location and price were the highest-rated factors for all respondents. Location was slightly more important for Malaysians and Indonesians, while survey respondents in Singapore and Hong Kong places more of their purchasing decision on price.*

Nonetheless, for each country, certain distinctions stood out.

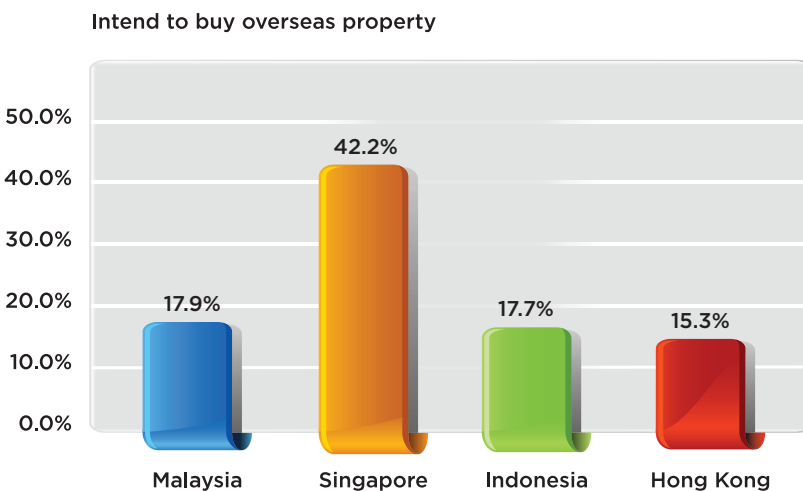
- **Over 40% of Malaysians surveyed** owned **two or more properties**, a higher proportion than in any other country.

Owning two or more properties



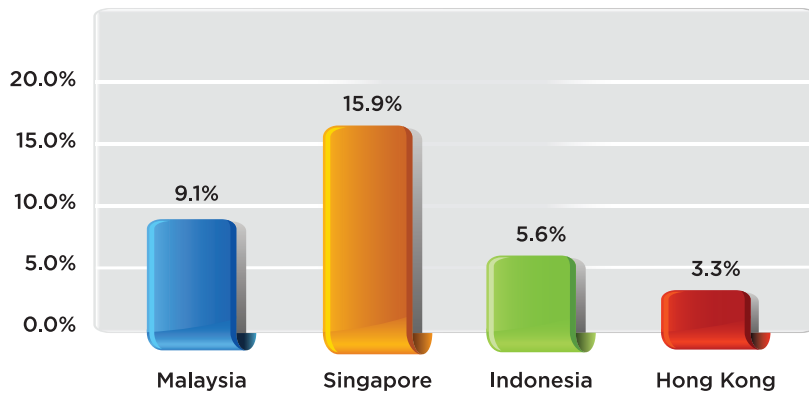


- **28.2% of Malaysians surveyed** were interested in **investment for resale**, more than in any other country. Meanwhile, nearly **40% of Singaporeans** surveyed were interested in **rental income** from their property, despite the relatively small rental sector and low rental yields.
- **42.2%** of Singaporean survey respondents showed interest in overseas property, a **significantly higher percentage than in any other country** surveyed.



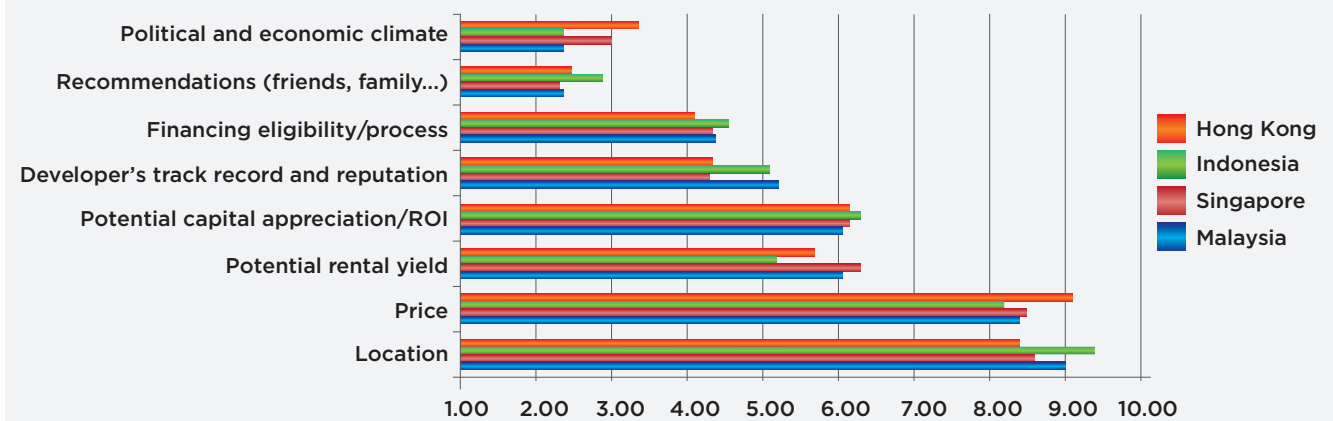
- In **Singapore**, people taking the survey trended older than in other countries, with all ages from 31 and up well-represented. The single largest answering segment was the 41-50 year age group.
- The proportion of **Real Estate Professionals in Singapore** was **higher (15.9%)** than in any other country covered by the survey.

Real Estate Professionals in survey



- The highest Likert-scaled factor in determining property purchases was the **Indonesian** survey's score of **9.27** for Location. **Price** was a more important factor for Hong Kong.

What important factors do you take into account when you are ready to purchase a property?

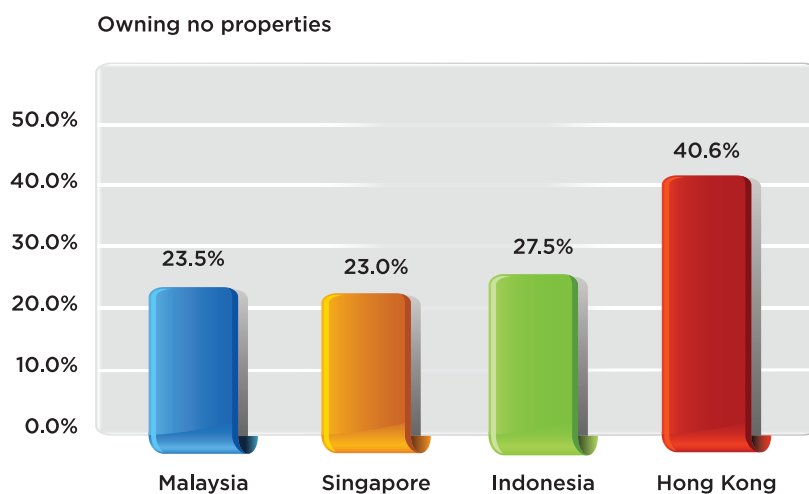


- In **Indonesia**, survey respondents who planned to buy overseas property were the most likely to wait the longest (2 or more years) compared to the other three countries surveyed.



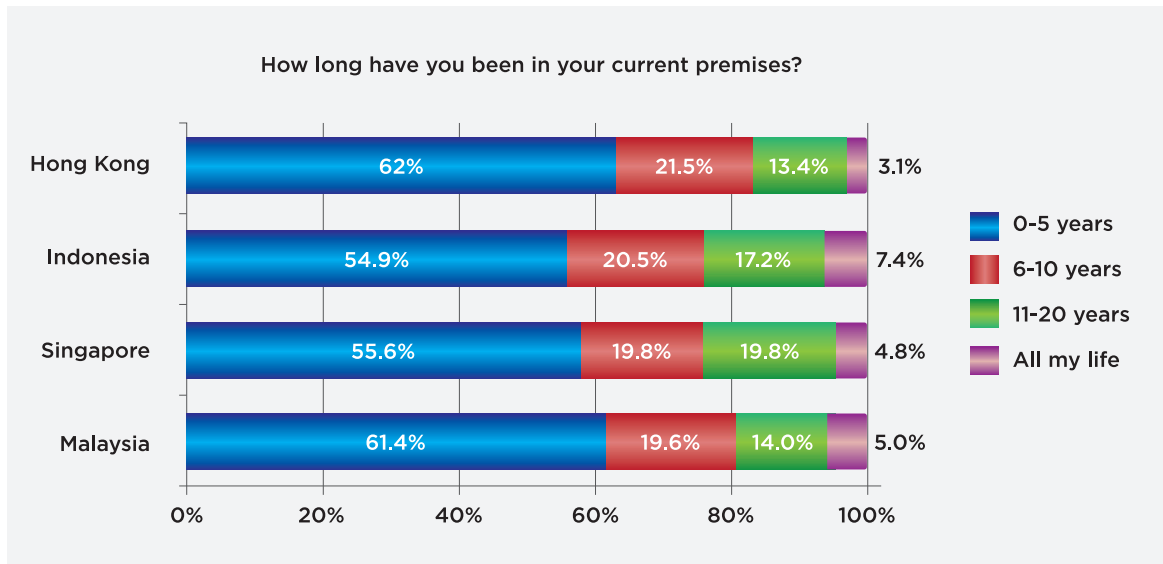


- **Hong Kong** survey respondents had the fewest property owners among them: about 40% did not own any property.



- Of survey respondents in **Hong Kong**, approximately half intended to buy property in the next 1-2 years.

- **Hong Kong** survey respondents had occupied their current premises for the least amount of time: 62% had lived in their home for just 0-5 years, reflecting the mobility of survey respondents and their desire to continuously upgrade their living environment.



# MALAYSIA: BUYER-FRIENDLY ENVIRONMENT

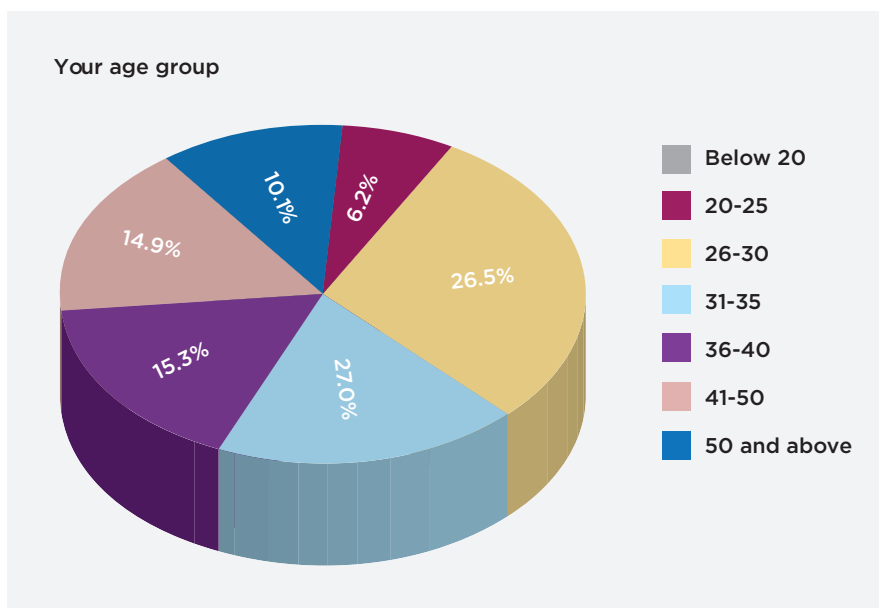
Although recent measures have been taken by the central bank (Loan-to-Value ratio of 70% for purchase of a third property) and the Inland Revenue Board (higher Real Property Gains Tax) to discourage speculation, the **environment continues to be friendly for property buyers**. There is one important exception: foreign buyers must seek approval from state authorities for purchases above MYR500,000 (USD158,228 at end-of-2011 rates).<sup>i</sup>

**Several factors make home ownership easy for Malaysians:**

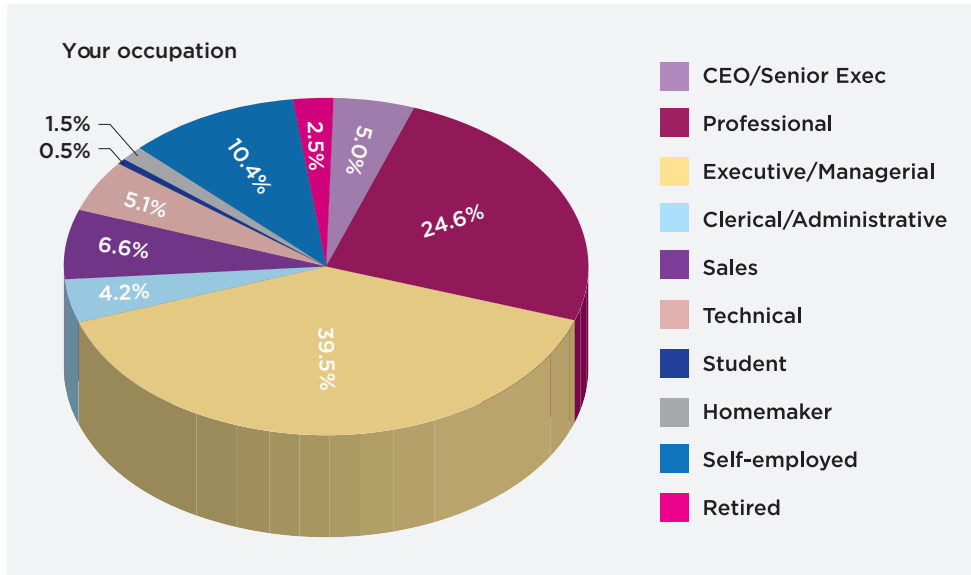
- **Low mortgage interest rates (as low as BLR minus 2.4%)**
- **Financing up to 100% is available**
- **No lock in period**
- **Stamp duty exemptions**
- **Long repayment periods, up to 30 years, or until age 75.**

## Demographics: Young and Ready to Buy

61.4% of Malaysians participating in the survey were male, while 38.6% were female. Ages from 26-50 were well-represented, with the largest segment (27.0%) being 31-35 years.

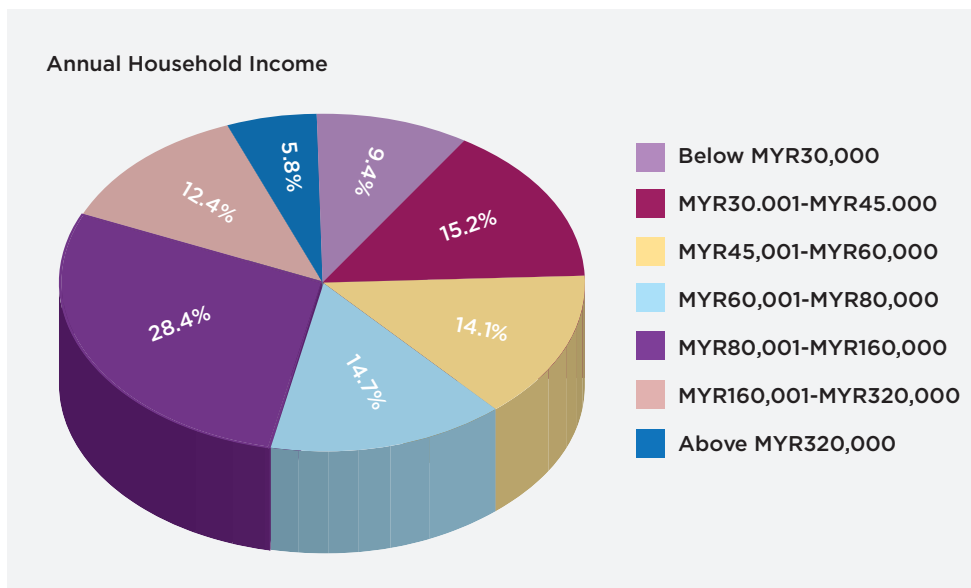


In the survey, executives/managers (39.5%) and professionals (24.6%) made up the largest groups, followed by the self-employed (10.4%).

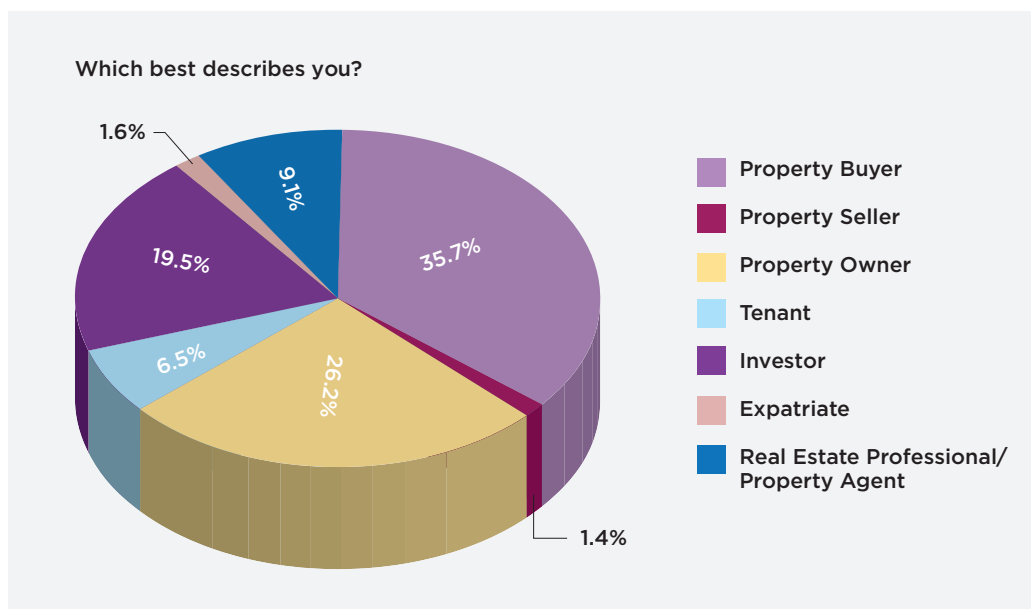


Just over half (53.3%) of people answering the survey reported an annual household income of MYR80,000 or less; 28.4% earned MYR80,001 – MYR160,000; 12.4% earned MYR160,001 – MYR320,000; 5.8% earned above MYR320,000. From the findings, we can see that the average iProperty visitor in this survey was relatively well-to-do.

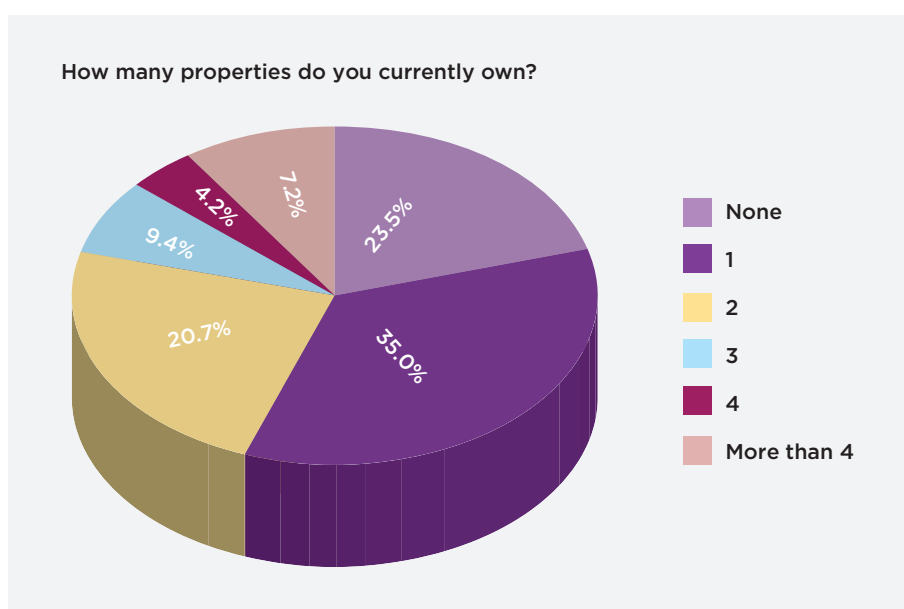
***A surprising 41.4% of Malaysians answering the survey owned two or more properties.***



35.7% considered themselves Property Buyers, while 26.2% identified themselves as Property Owners. Another 19.5% were Investors, the second highest percentage next to Singapore. This can be partly explained by the low barriers to property ownership and the healthy property price growth in the country.

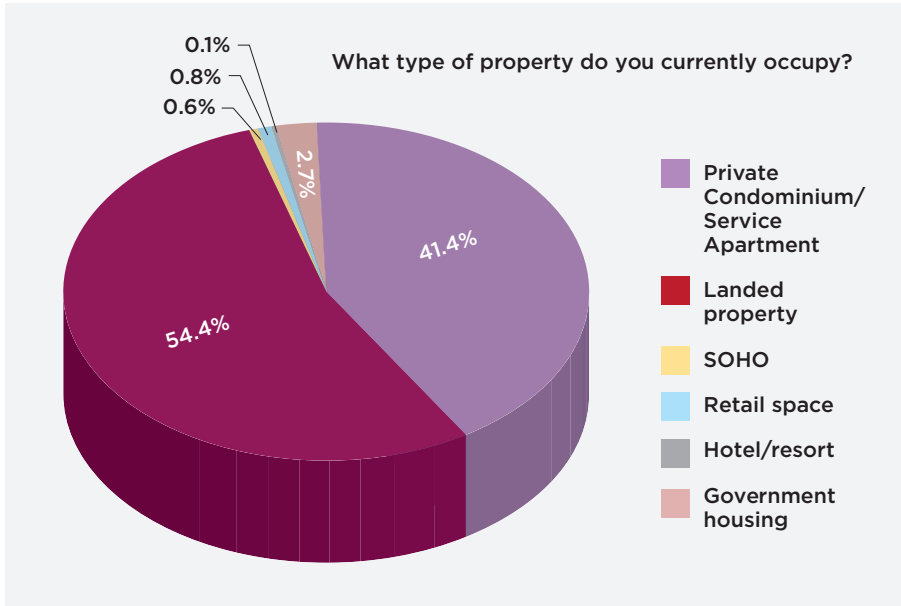


A surprising 41.4% of Malaysians answering the survey owned two or more properties; 35% owned one property; while 23.5% owned none.

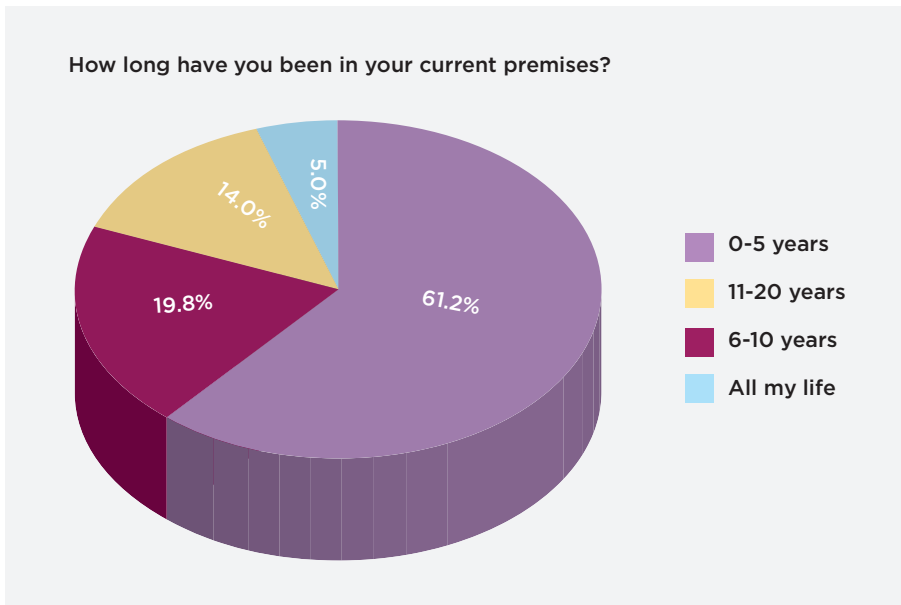


**61.2% of Malaysians surveyed had only been in their current premises for 0-5 years.**

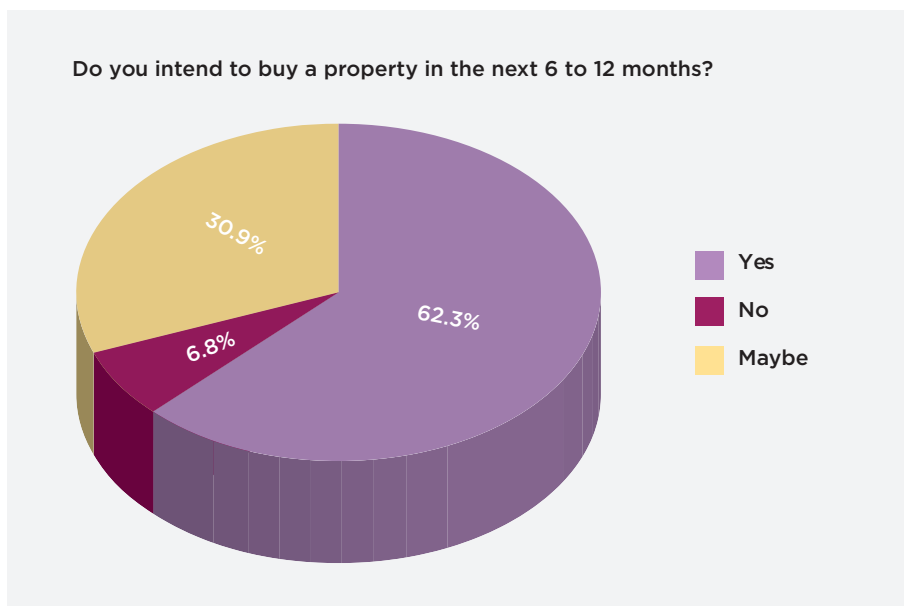
A slim majority (54.4%) of Malaysians surveyed occupied landed property, while another 41.4% of those surveyed occupied private condominiums or service apartments.



61.2% of them had only been in their current premises for 0-5 years.

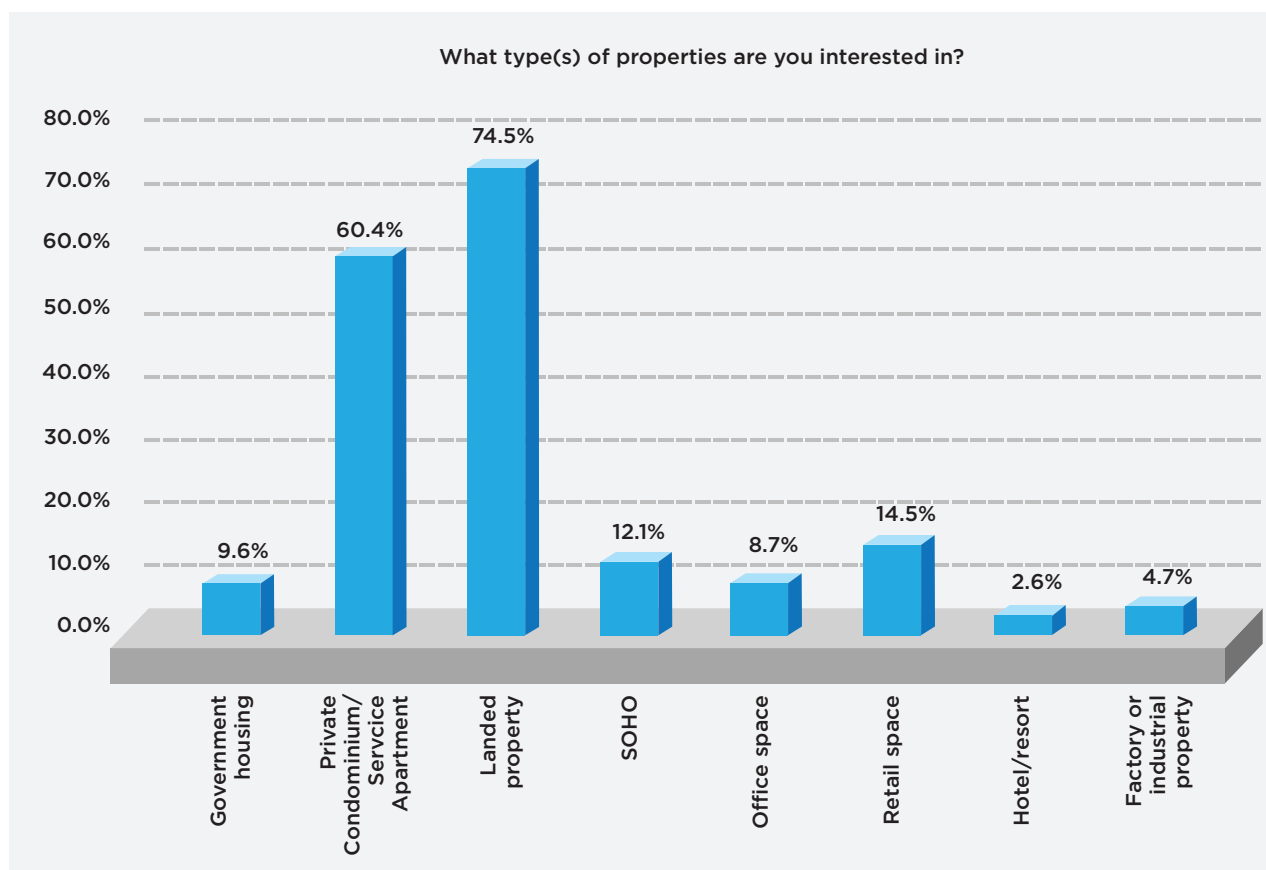


Despite the relative newness of the premises occupied by the people surveyed, 62.3% of them intended to buy a property in the next 6 to 12 months. Another 30.9% were undecided. Just 6.8% did not intend to buy.



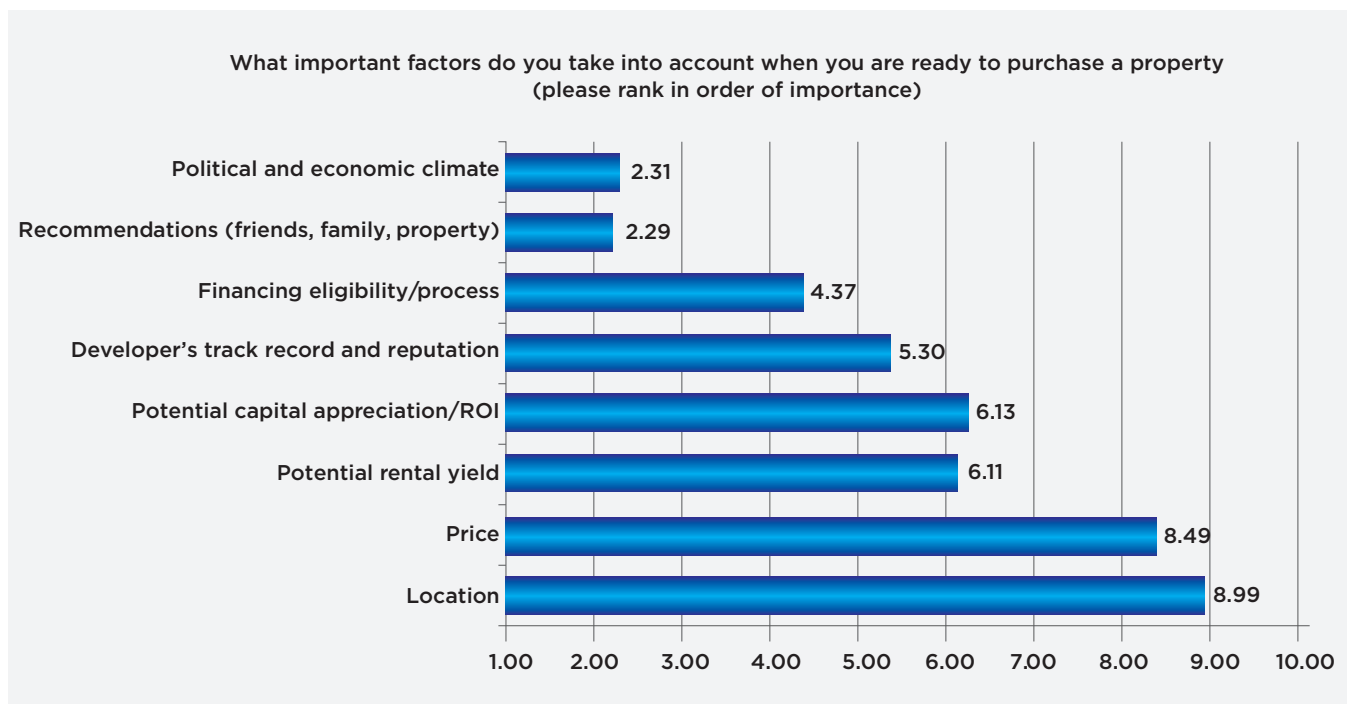
Landed property was the most popular type of property for our survey respondents, drawing the interest of 74.5%. Private condominiums or service apartments drew the interest of 60.4% of those surveyed.

*For this question, respondents were allowed to choose more than one answer.*



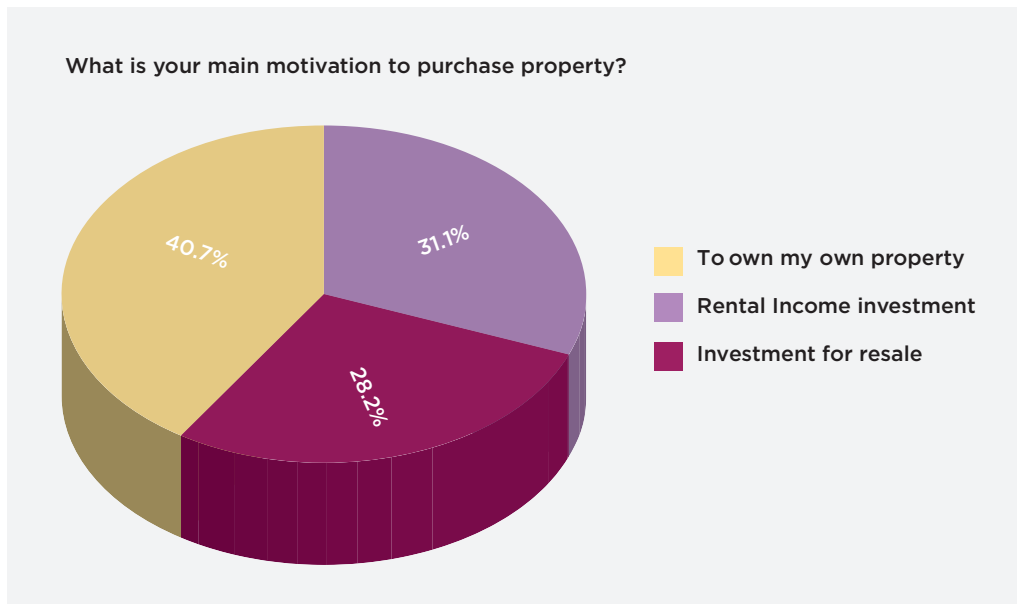
In this series of Likert-scaled questions covering factors influencing when Malaysian iProperty survey respondents were ready to purchase property, both Location (8.99) and Price (8.49) were considered most significant. Recommendations and political/economic climate were rated as the least important.

*On this scale, a rating of 10 indicates the highest importance and a rating of 1 represents the lowest.*

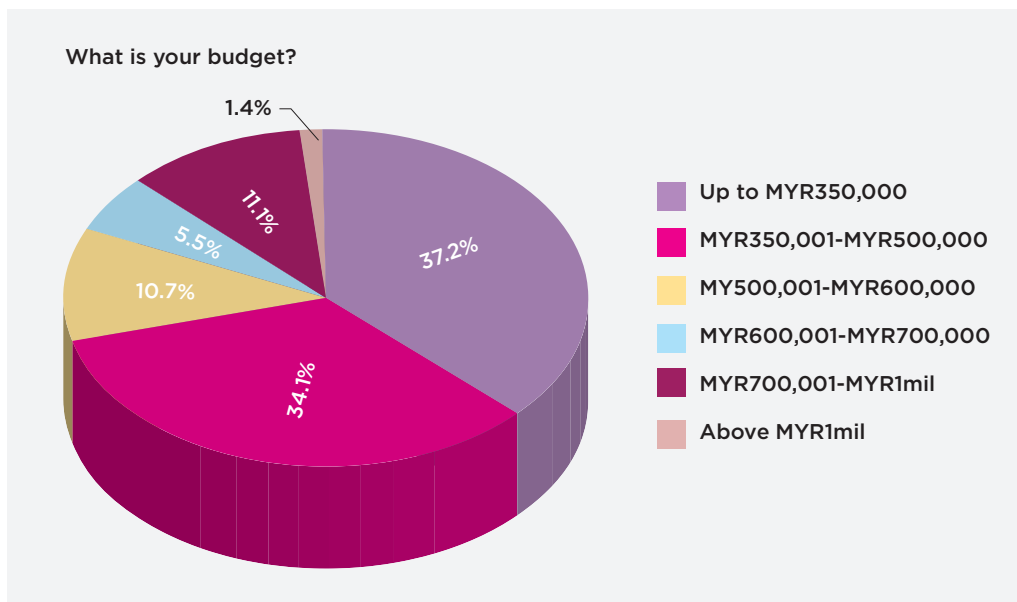




People answering the survey were divided in their motivations to purchase property: 40.7% simply desired ownership of their own property, while 31.1% were looking for rental income investment. 28.2% wished to purchase property as investment for resale – more than in any other country.

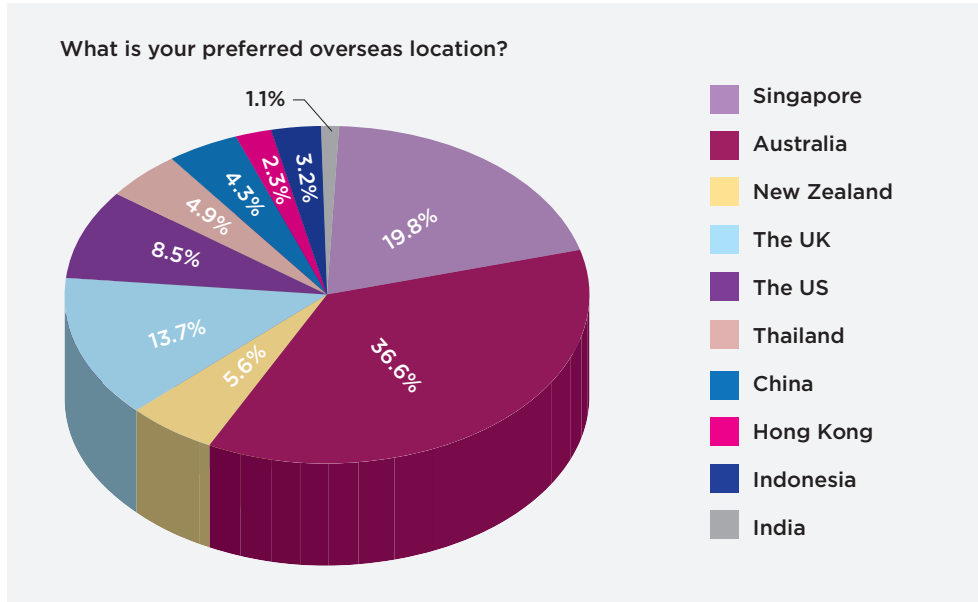


Most (71.3%) of them placed their budget under MYR500,000 (USD158,228 at end-of-2011 rates).

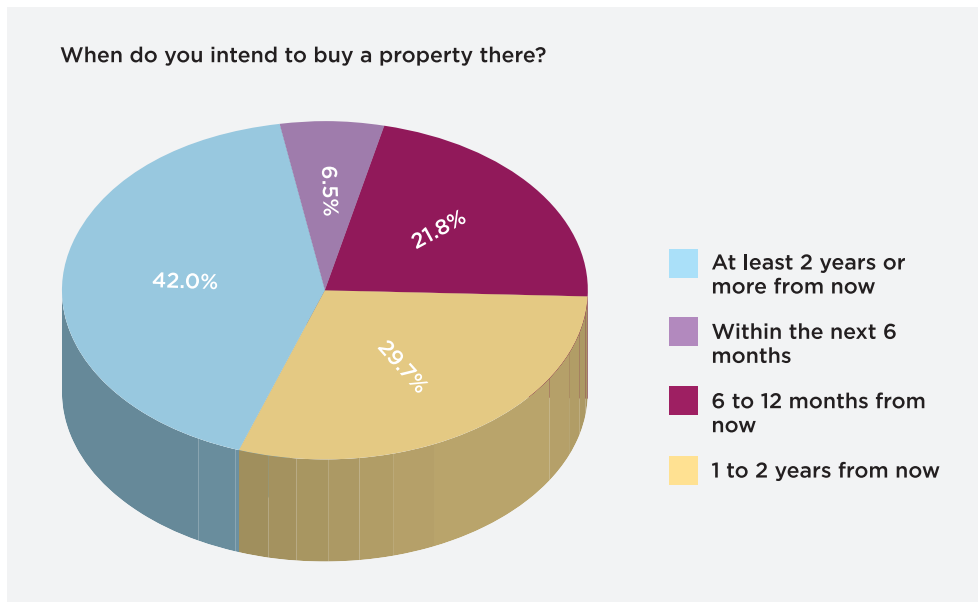


### Overseas Property: Surveying Options in Australia and Singapore

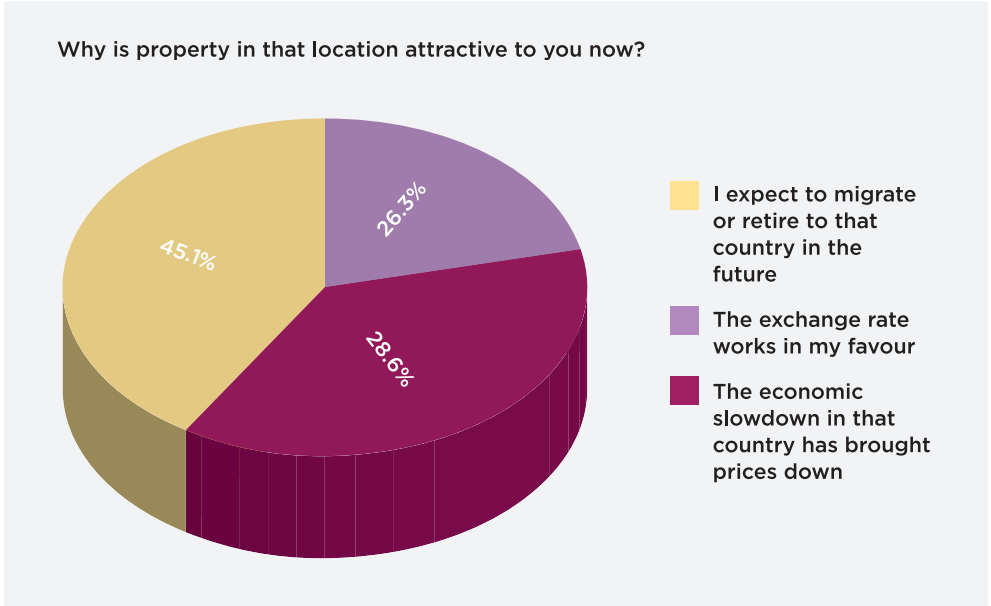
17.9% of Malaysian iProperty survey respondents were interested in investing in overseas property. These respondents preferred Australia, Singapore and the United Kingdom over other countries.



Most potential buyers of overseas property were not in a rush. 71.7% of them did not plan to buy for at least another one year.

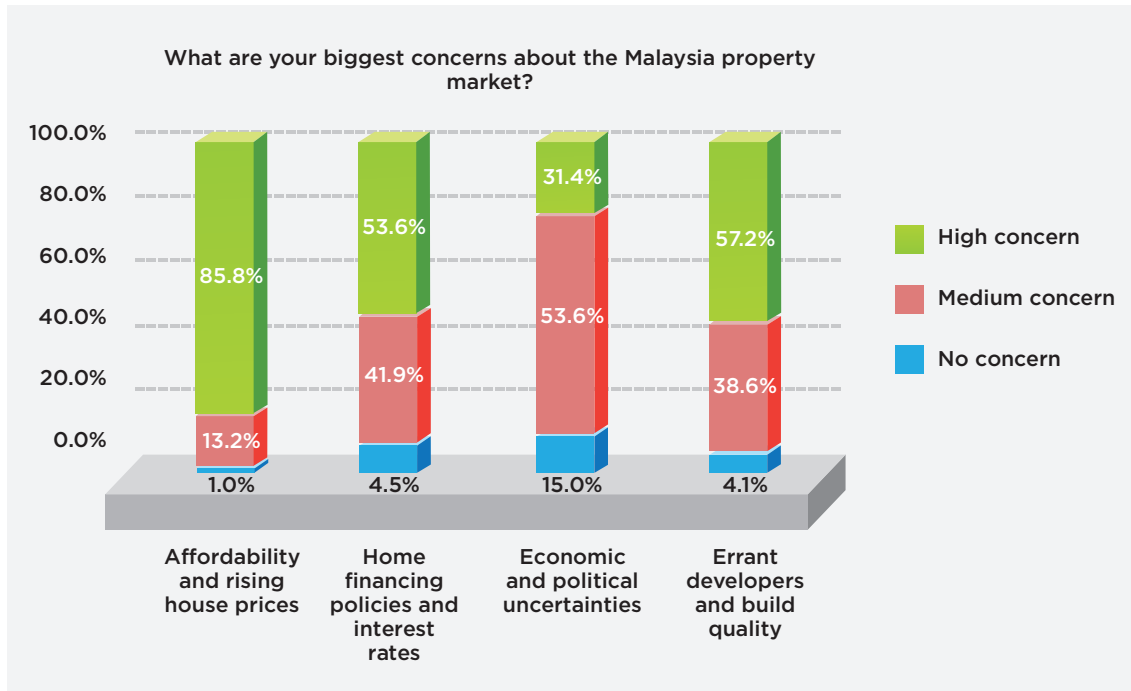


Nearly half of them cited migration or retirement plans as the reason for buying overseas property.

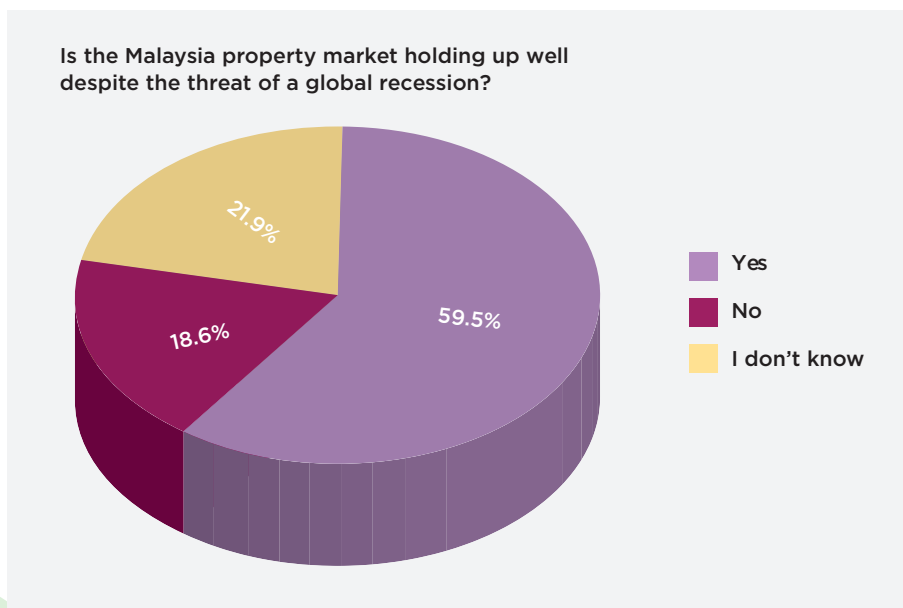


### Sentiments: Positive on the Economy, Concerned over Rising House Prices

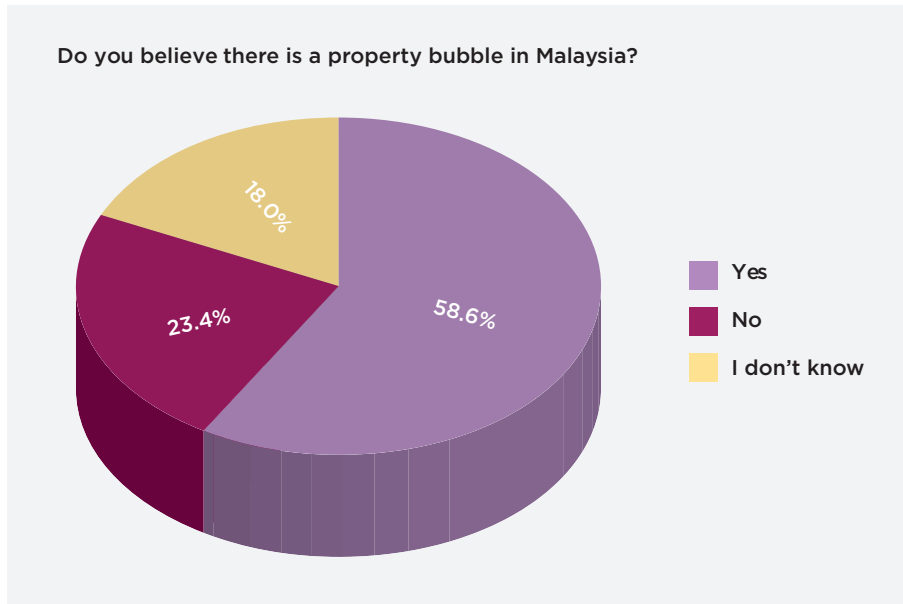
The most important issue for concern in the Malaysian property market was that of rising house prices. However, a significant number of people surveyed also expressed high concern about home financing policies and interest rates, as well as errant developers and build quality.



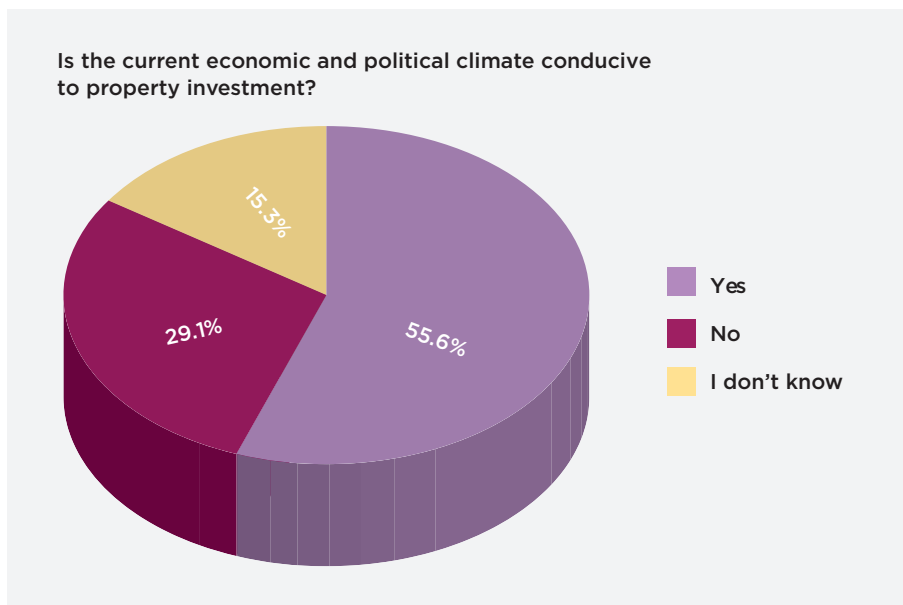
The majority (59.5%) of iProperty survey respondents considered the Malaysian property market to be doing quite well despite the threat of a global recession.



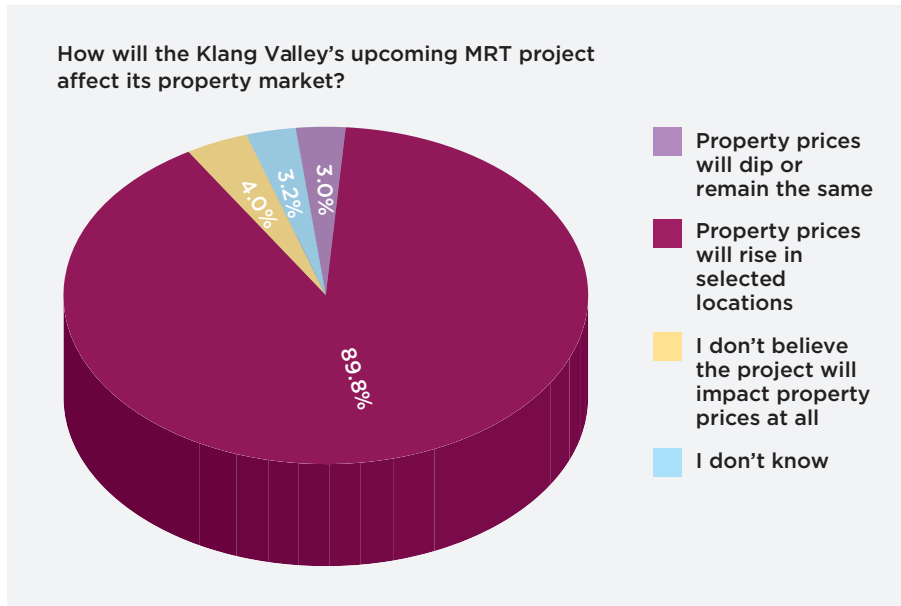
58.6% also believed that a property bubble existed in the Malaysian property market.



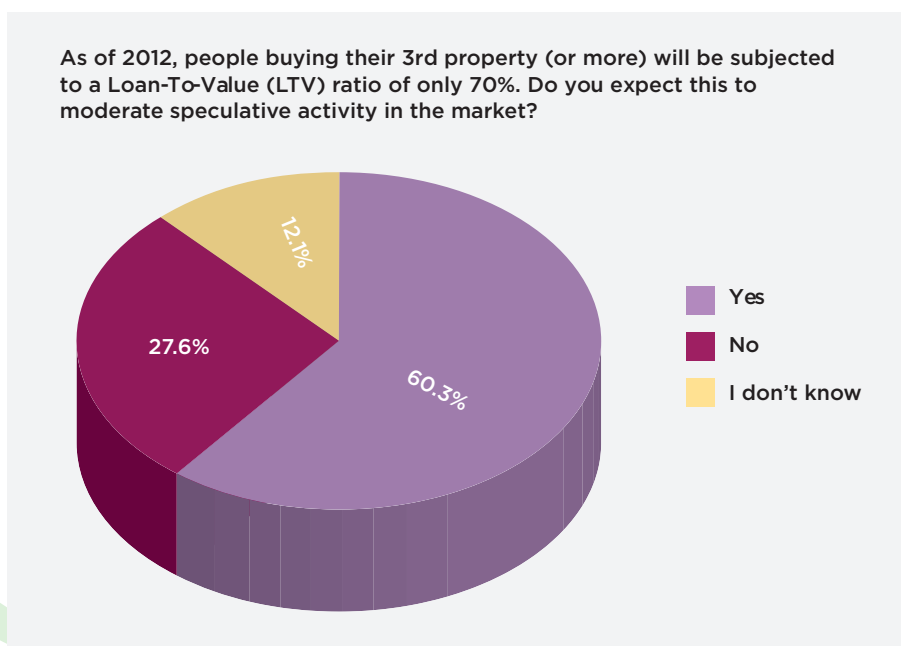
At the same time, 55.6% of survey respondents considered the current economic and political climate to be conducive to property investment.



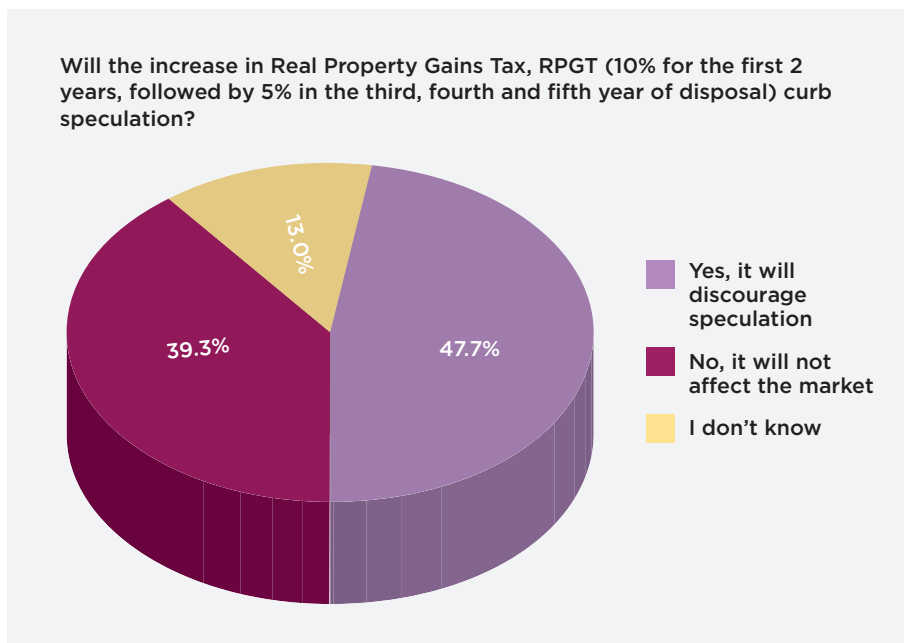
The upcoming MRT (Mass Rapid Transit) project in the Klang Valley is expected to connect the Kuala Lumpur city centre with densely populated suburban centres with convenient and affordable public transportation. An overwhelming majority (89.8%) of Malaysians answering the survey expected property prices to rise in selected locations as a result of this project.



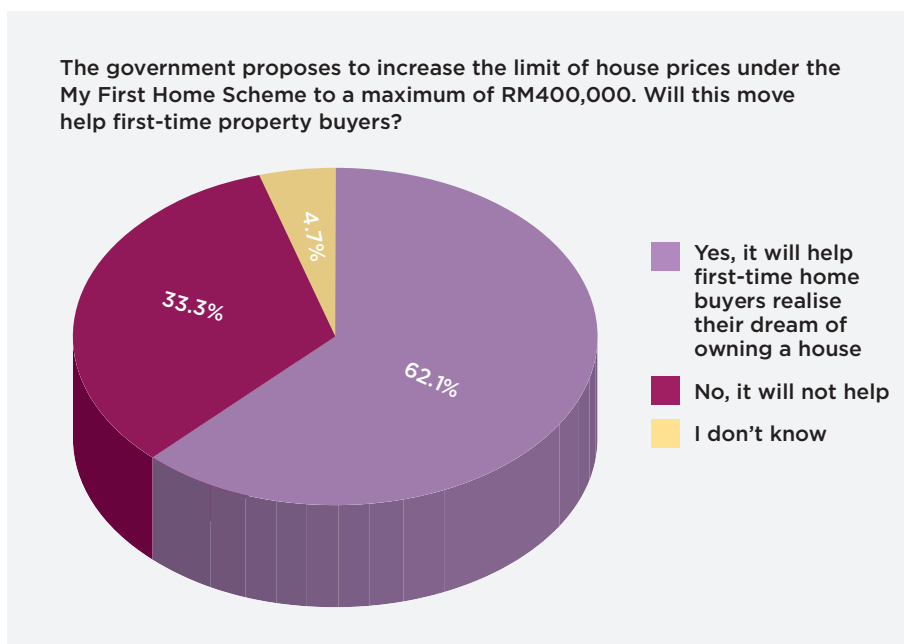
In November 2011, Bank Negara Malaysia, the Malaysian central bank, imposed a Loan-to-Value (LTV) ratio of 70% for people buying a third property (or more) starting in 2012. 60.3% of people surveyed expected that this measure will moderate speculative activity in the market.



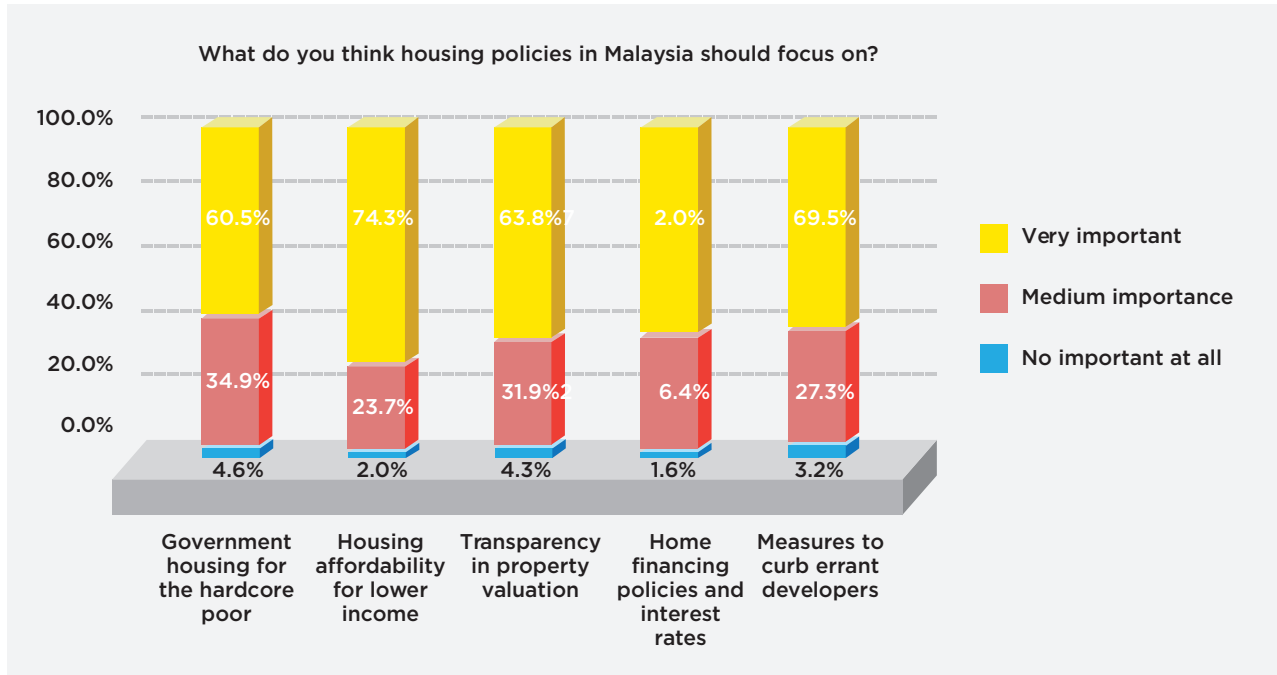
Real Property Gains Tax (RPGT) has been increased as well (10% for the first two years, 5% in the third through fifth year of disposal), and people answering the survey were divided on its effect: 47.7% expected that it will discourage speculation.



Malaysia's 2012 Budget also includes an improved version of the My First Home Scheme, designed to assist lower-income private-sector workers in obtaining housing loans. The ceiling price of houses qualifying for this scheme has been increased to MYR400,000. People answering the survey were far more positive (62.1%) than negative (33.3%) about whether this measure would help house buyers to acquire their first home.



When asked about which issues Malaysian housing policies should focus on, iProperty survey respondents were almost evenly divided, with all five of the topics considered almost equally important.





# SINGAPORE: UP AGAINST STRICT CURBS

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Property buyers have traditionally enjoyed low transaction costs in Singapore. However, thanks to **tight restraints from government policies**, Singapore house price rises have slowed from their previously high year-on-year rate of 38.2% in Q2 2010 to a more manageable year-on-year rate of 10.2% in Q2 2011.<sup>ii</sup> The most recent anti-speculation measures have more than quintupled stamp duties on owners who sell houses and apartments within four years, while Loan-to-Value (LTV) limits on housing loans have been lowered.<sup>iii</sup>

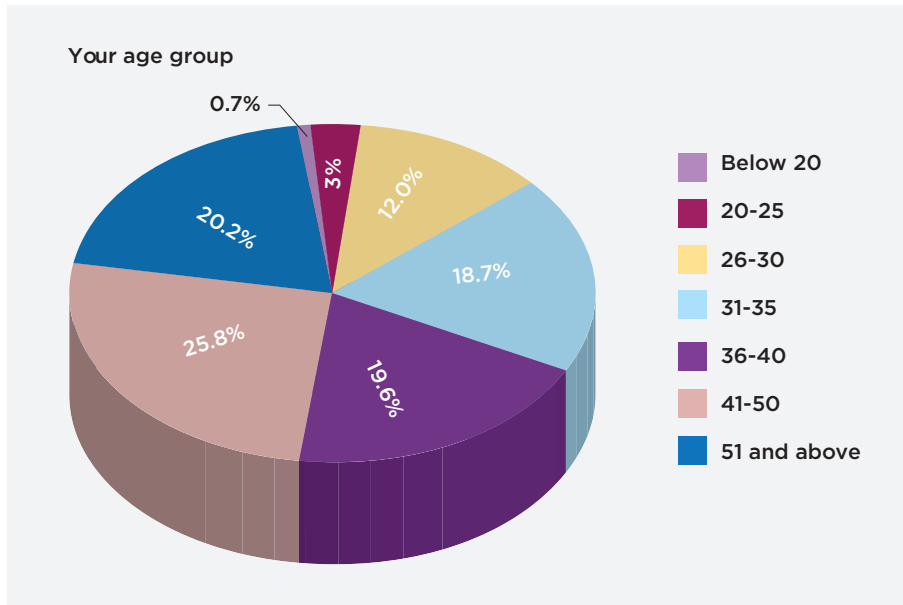
Rent increases lagged behind property price increases until the mid-2000s, when a considerable increase in expatriate arrivals triggered a rent boom. **Rental yields nevertheless remain relatively low**, ranging from 2.9% to 4.3%.<sup>iv</sup>

*Home ownership in Singapore is a unique state of affairs due to the hugely successful efforts of its Housing & Development Board (HDB), resulting in a high rate of public housing occupancy and a very small rental sector, mostly catering to expatriates.*

*Over 80% of Singaporeans live in flats developed by the Housing & Development Board (HDB).*

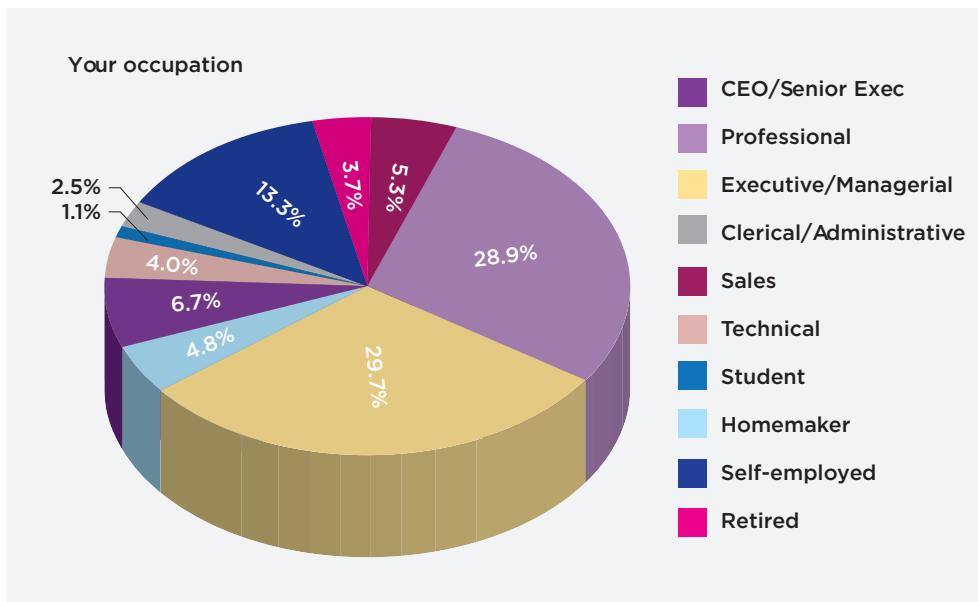
### Demographics: Well-Heeled Executives and Professionals

Singaporeans who answered the survey were 56% male and 44% female, and all ages from 31 and up were well-represented. The largest age group (25.8%) was 41-50 years.

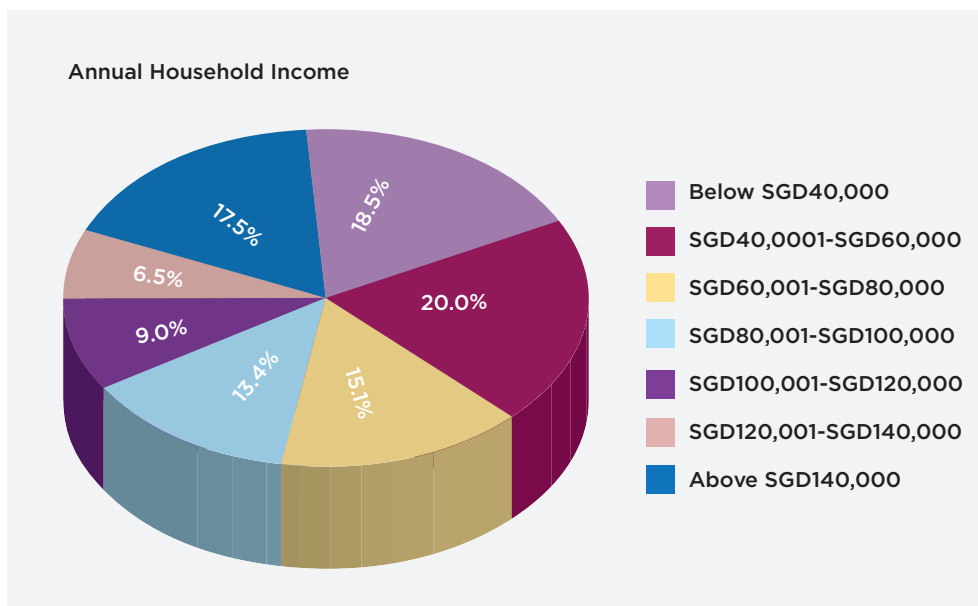


**68% of iProperty visitors answering the survey plan to buy a property within the next 6-12 months.**

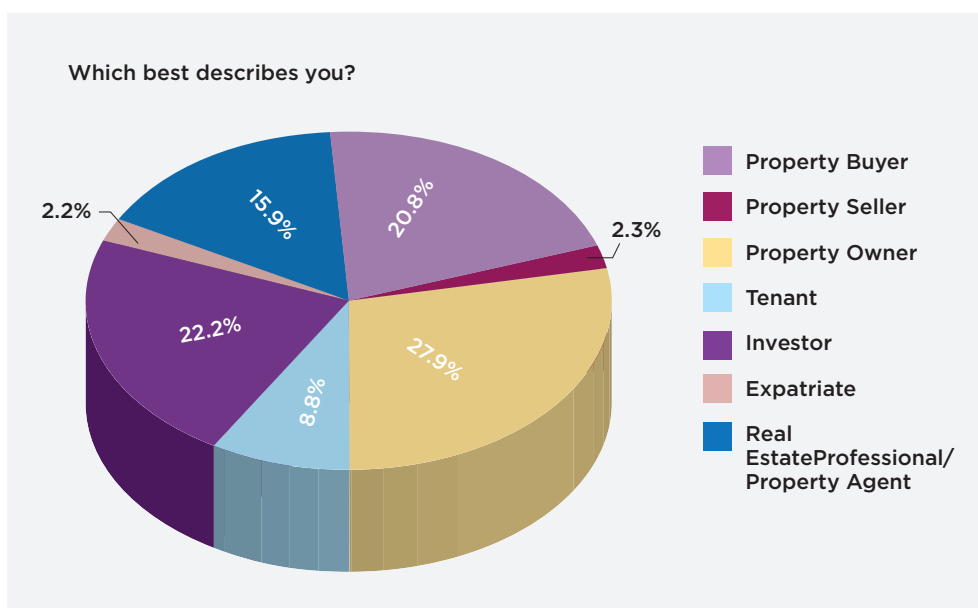
Executives/managers (29.7%) and professionals (28.9%) made up the largest groups, followed by the self-employed (13.3%).



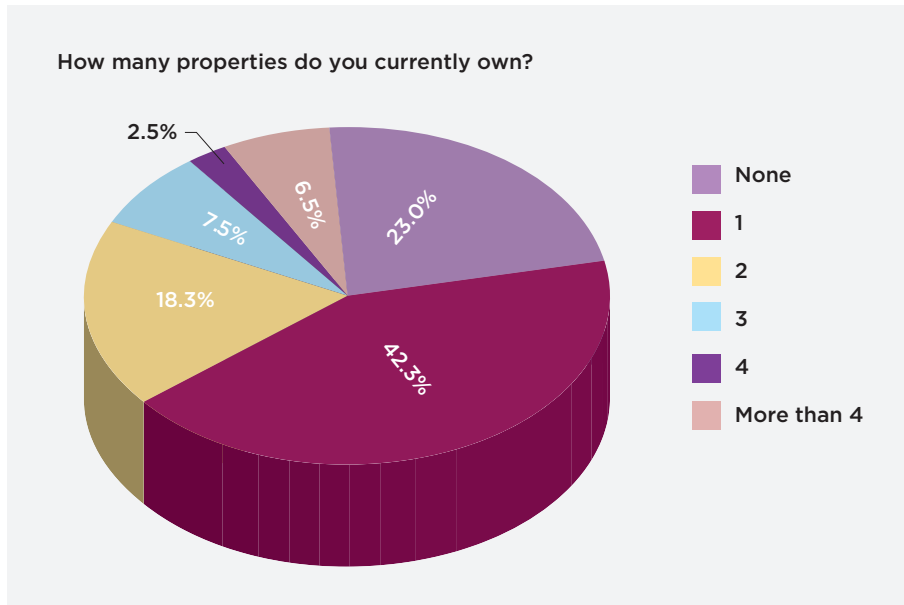
38.5% of people surveyed reported an annual household income of S\$60,000 or less. A significant minority (17.4%) earned above SGD140,000 (USD107,692 at end-of-2011 rates).



Over a quarter (27.9%) of people surveyed self-identified as Property Owners, while most of the others were divided between Property Buyers (20.8%), Investors (22.2%) and Real Estate Professionals (15.9%).

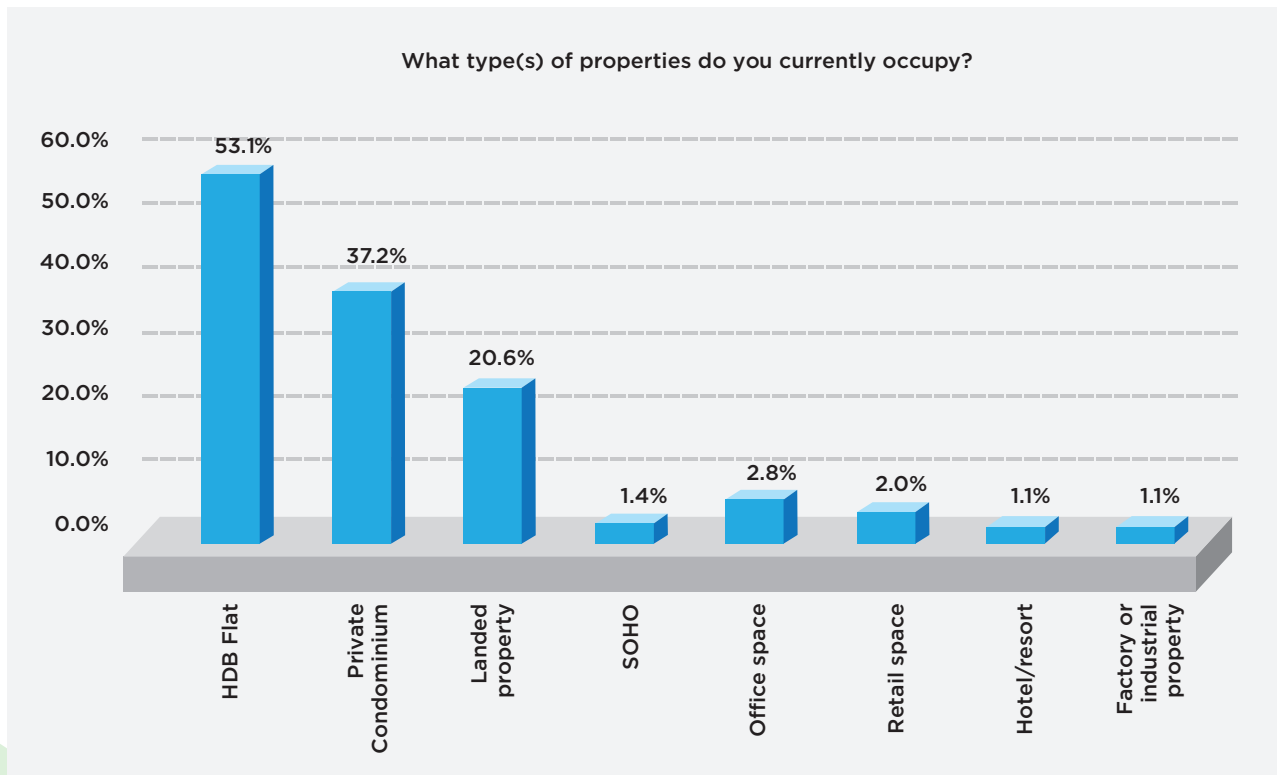


While 42.3% owned a single property, 34.8% owned more than one, and 23.0% owned none.

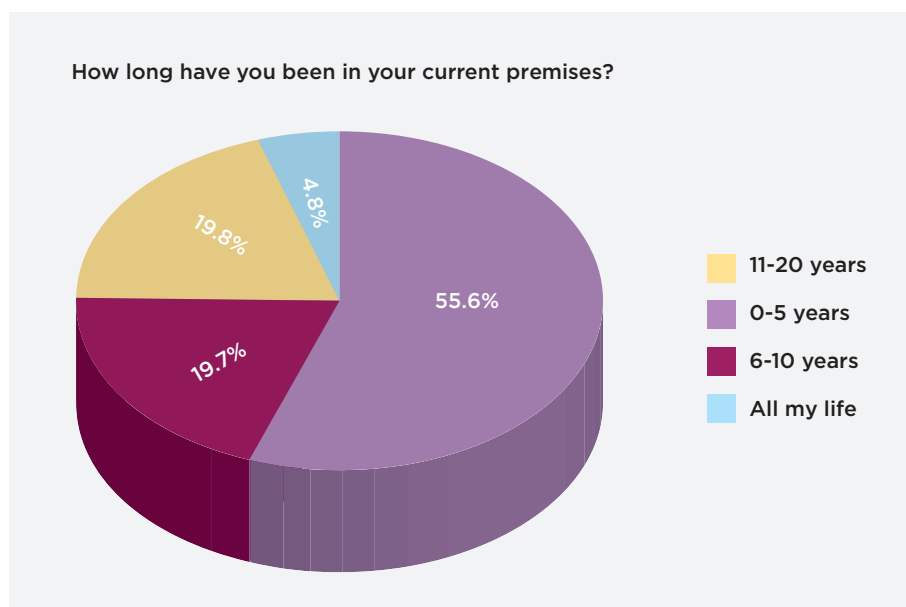


More than half (53.1%) of those surveyed resided in Singapore's ubiquitous HDB (Housing & Development Board) flats. 37.2% of those surveyed occupied a private condominium unit. 20.6% of people answering the survey also owned landed property.

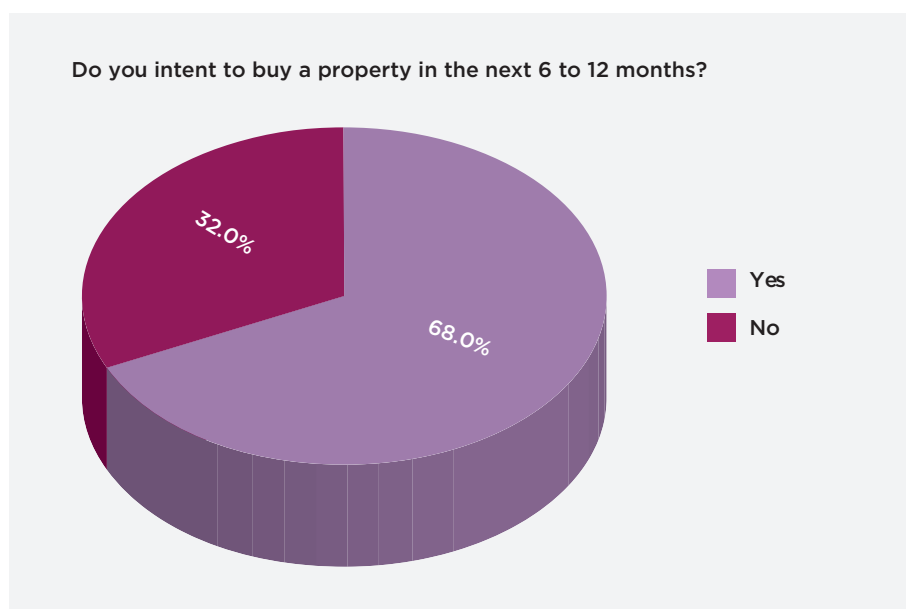
*For this question, respondents were allowed to choose more than one answer.*



55.6% of survey respondents had occupied their present premises for five years or less.

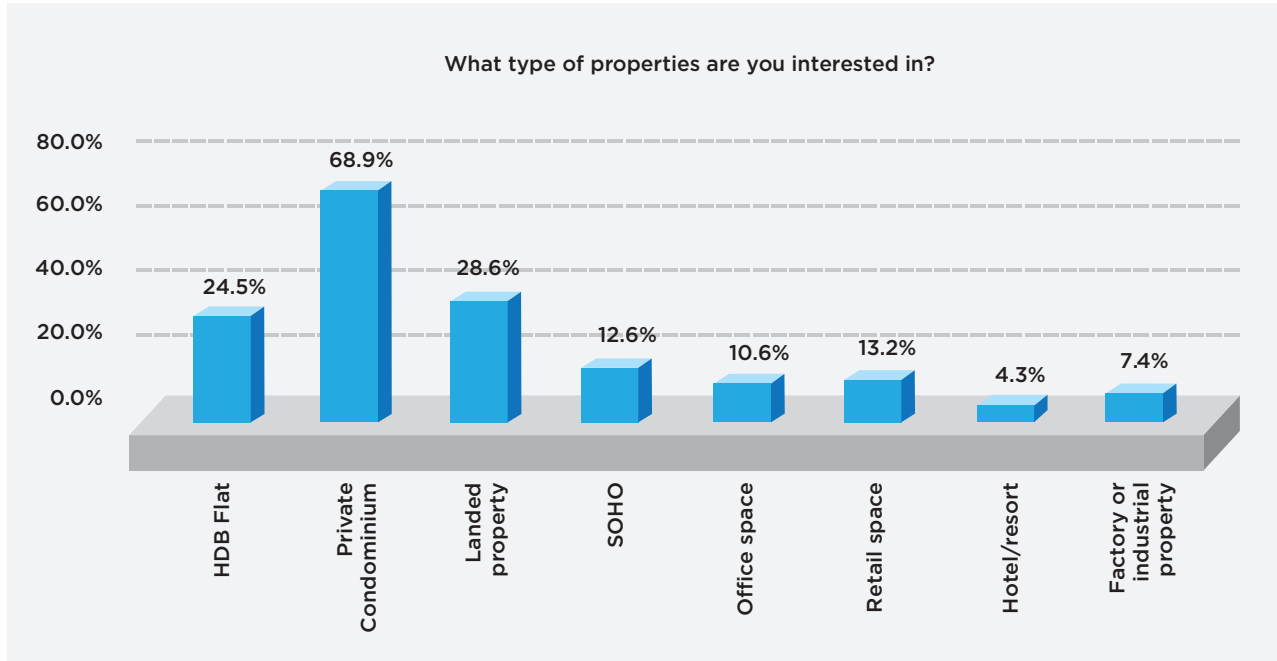


68% of iProperty survey respondents answering the survey intended to buy a property within the next 6-12 months.



Private condominiums (68.9%) were the most popular type of properties. 28.6% of those surveyed showed interest in landed property, and 24.5% were interested in HDB flats.

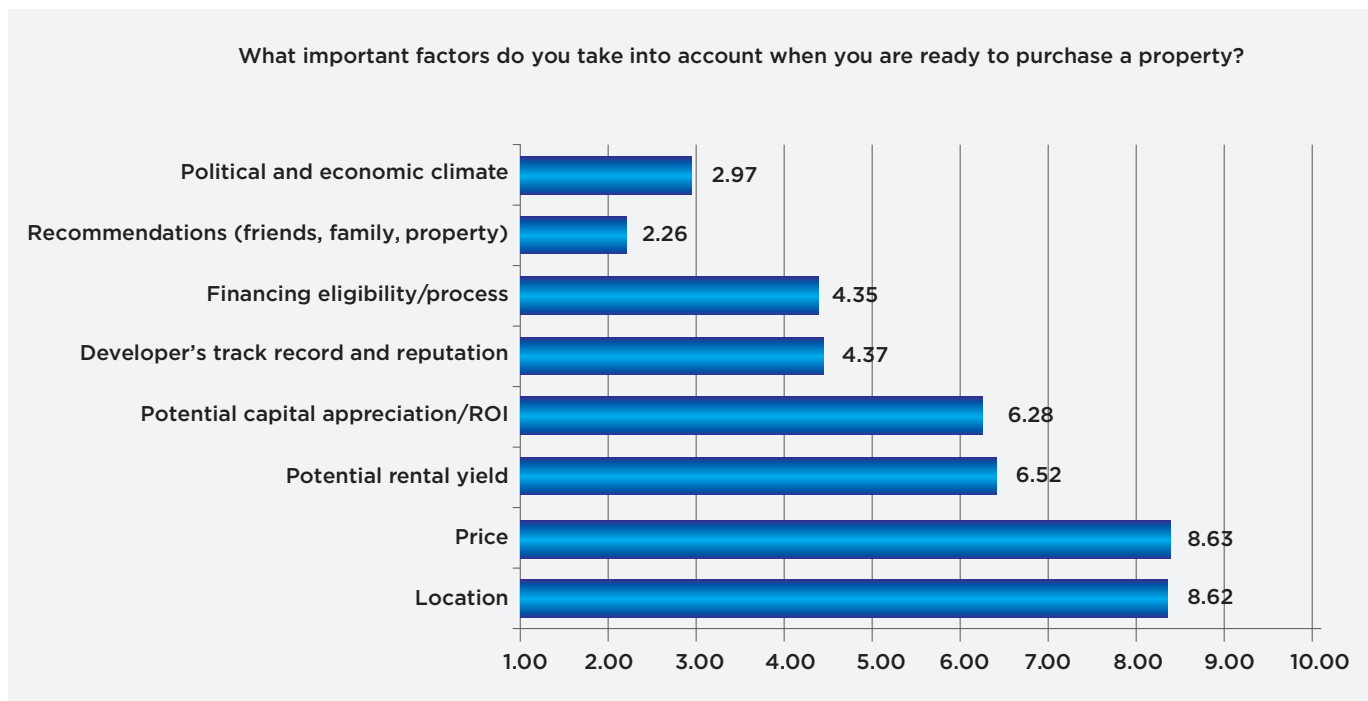
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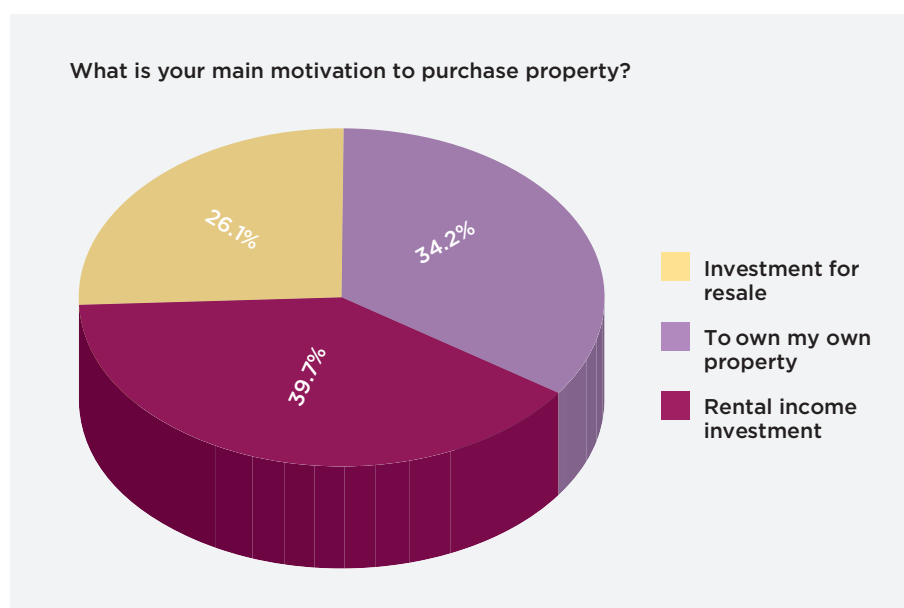
In this series of Likert-scaled questions, both location and price were considered the most significant factors with average ratings of 8.62 and 8.63 respectively. Recommendations as well as political and economic climate were considered the least important.

**39.7% of those surveyed cited rental income investment as their main motivation for purchasing property.**

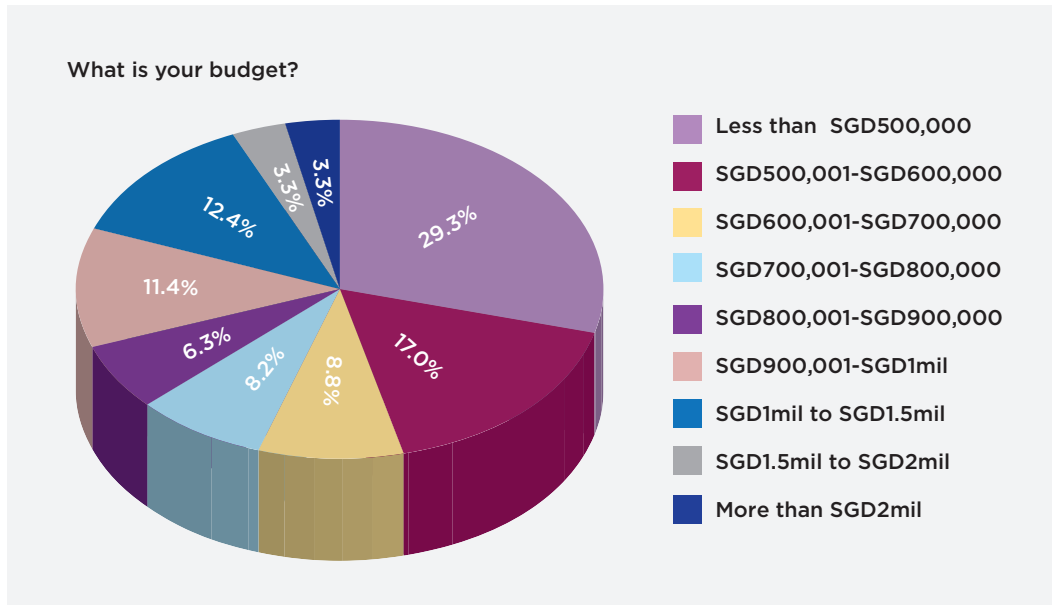
On this scale, a rating of 10 indicates the highest importance and a rating of 1 represents the lowest.



39.7% of those surveyed cited rental income investment as their main motivation for purchasing property. Possessing one's own property was a close second (34.2%).

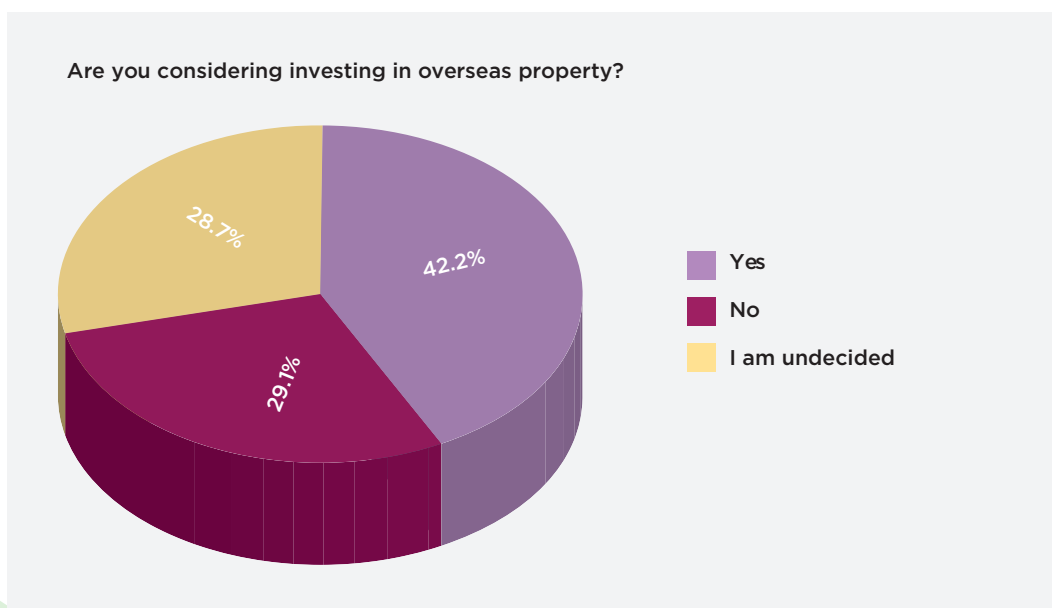


29.3% had a budget of less than SGD500,000 (USD384,615 at end-of-2011 rates), while over half (51.7%) had a budget between SGD500,000 and SGD1mil (USD769,231 at end-of-2011 rates).



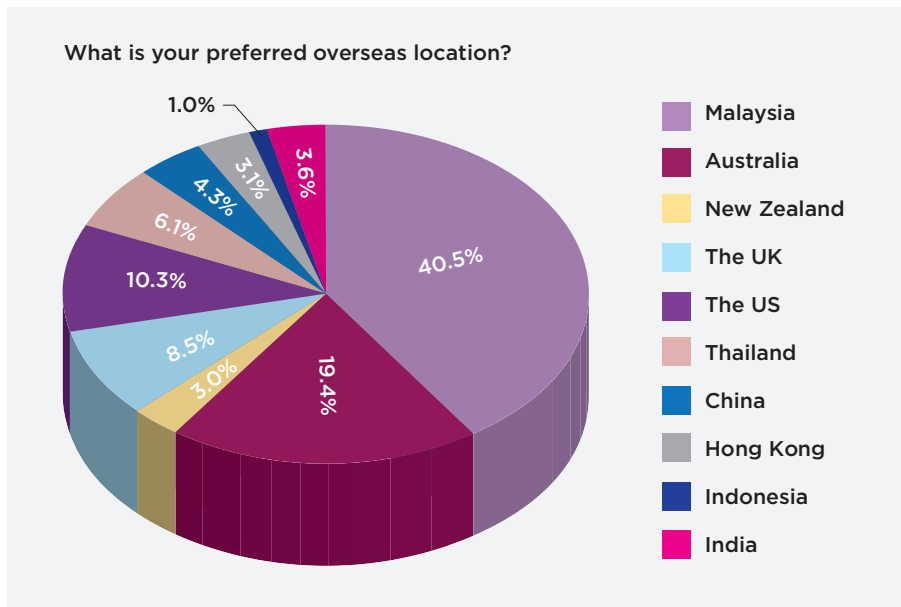
#### Overseas Property: A Large Minority Intend to Buy

**42.2%** of Singaporean survey respondents showed interest in overseas property, a **significantly larger percentage** than in the other countries surveyed. Considering Singapore's limited land bank, combined with the unique situation created by the HDB's successful public housing programme, the strong interest in overseas property is hardly unexpected.

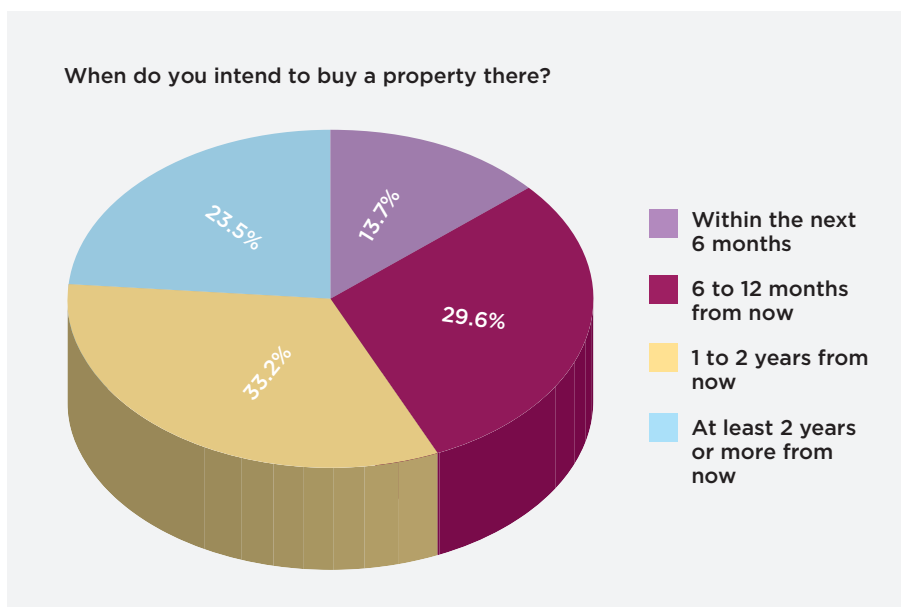




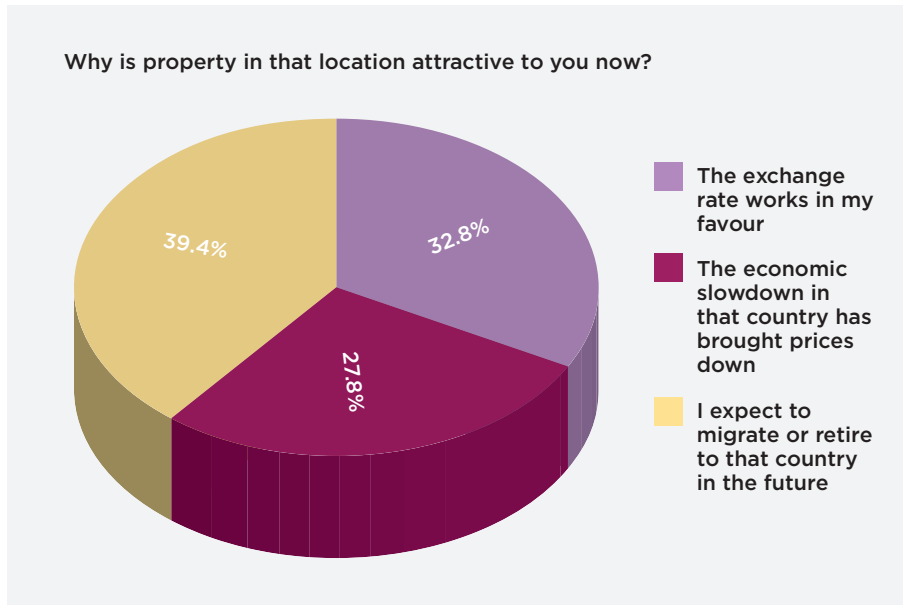
These survey respondents considered Malaysia (40.5%) and Australia (19.4%) to be their most preferred overseas locations.



56.7% of survey respondents who intended to buy an overseas property planned to do so in one year or more.

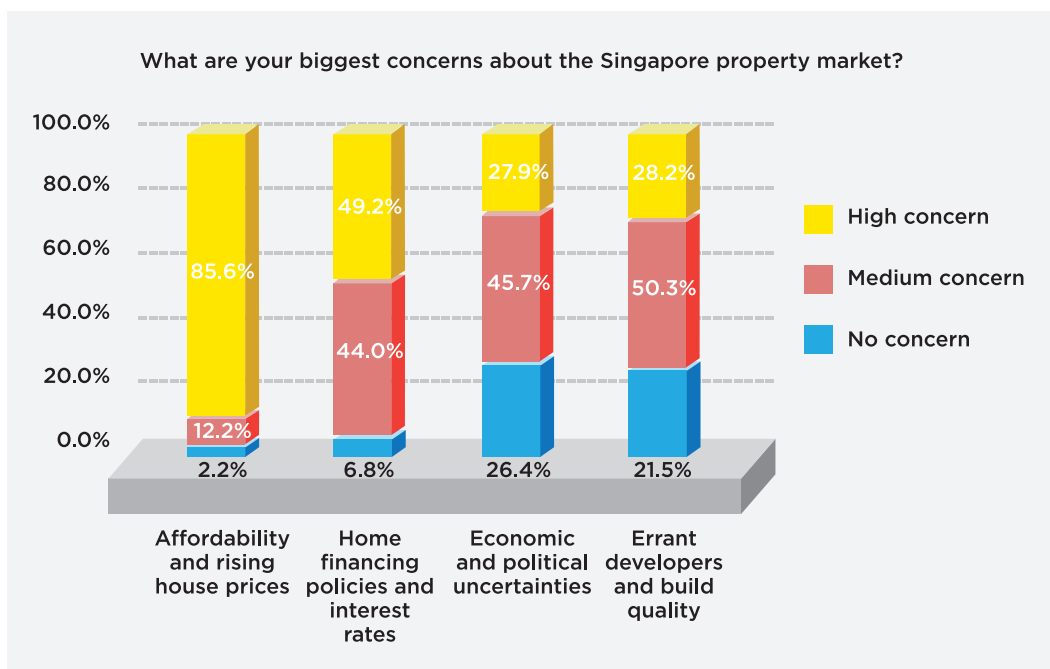


39.4% of those surveyed cited retirement or migration as being the main motivation for buying overseas property, while 32.8% cited favourable exchange rates.

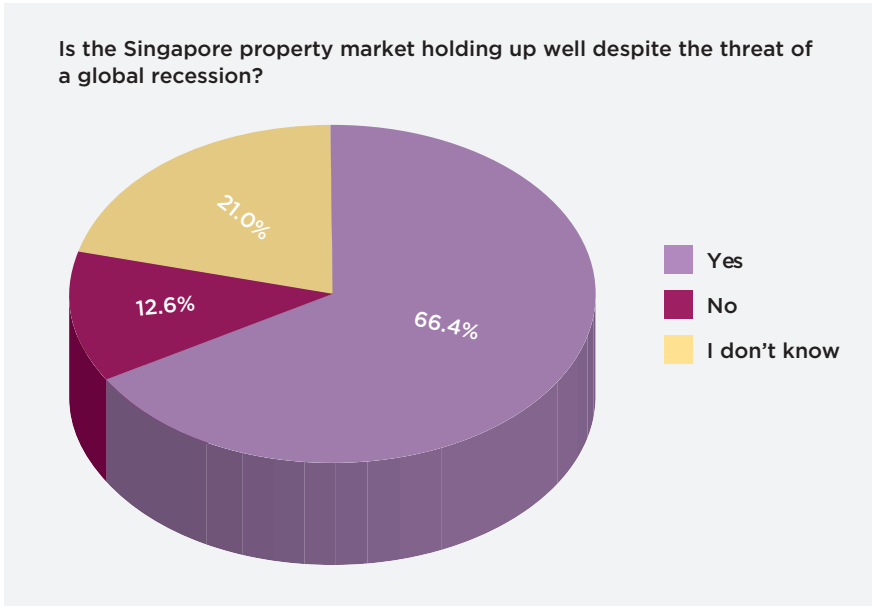


### Sentiments: Who Cares About Errant Developers or Politics?

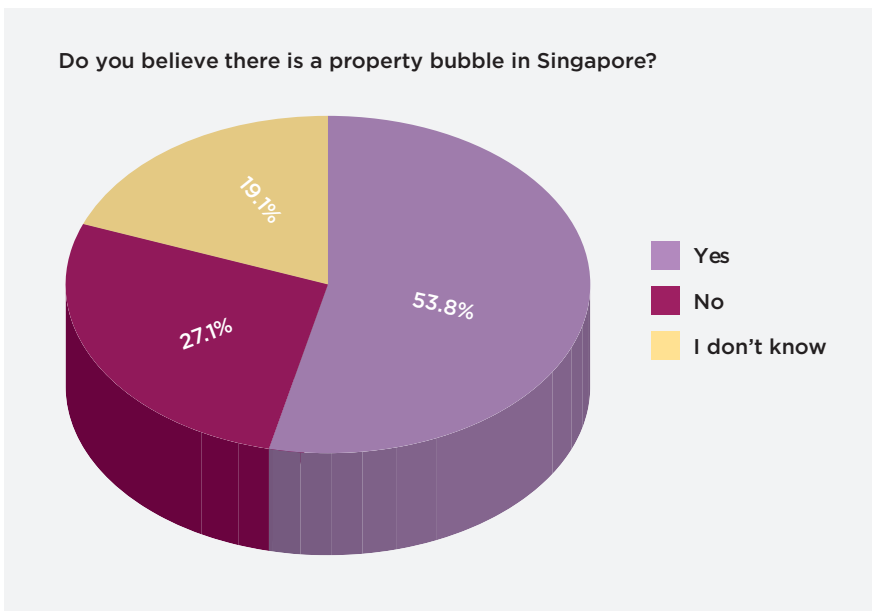
The paramount concerns about the Singapore property market were affordability and rising housing prices, according to 85.6% of iProperty respondents answering the survey. Errant developers and poor build quality were not as much of a concern in Singapore as in neighbouring Malaysia and Indonesia.



Singaporeans are confident about the Singapore property market: two-thirds (66.4%) felt that the property market was holding up well despite the threat of a global recession.

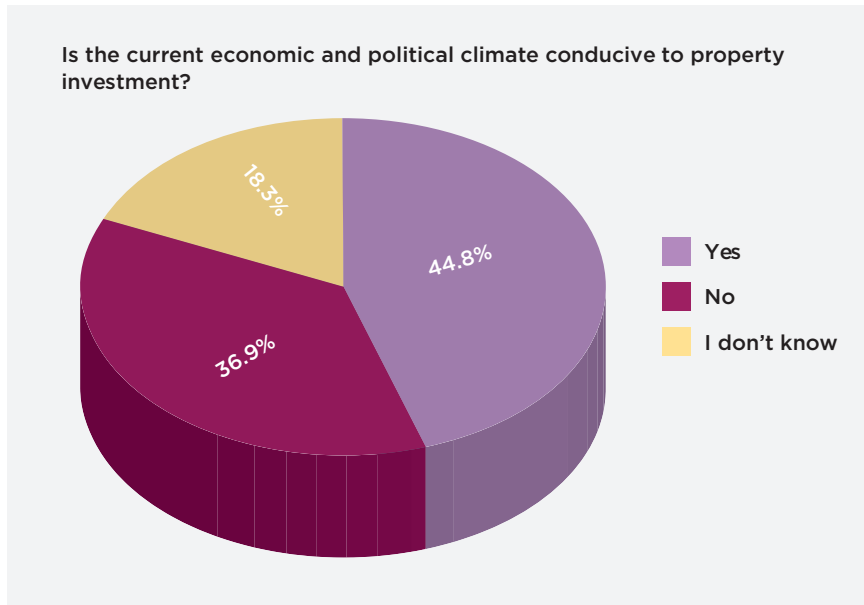


Just about half (53.8%) of survey respondents believed that a property bubble existed in Singapore.

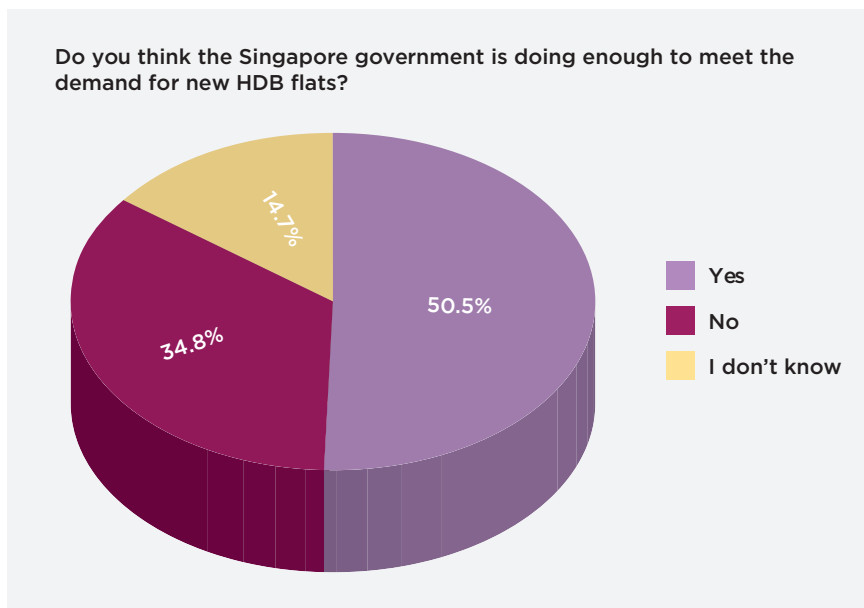


Survey respondents were divided about how conducive the economic and political climate was to property investment. 44.8% felt that the climate was conducive, while 36.9% felt it was not.

*The paramount concerns about the Singapore property market were affordability and rising housing prices, according to 85.6% of iProperty visitors. Errant developers and poor build quality were not as much of a concern in Singapore, nor were politics or the economy.*

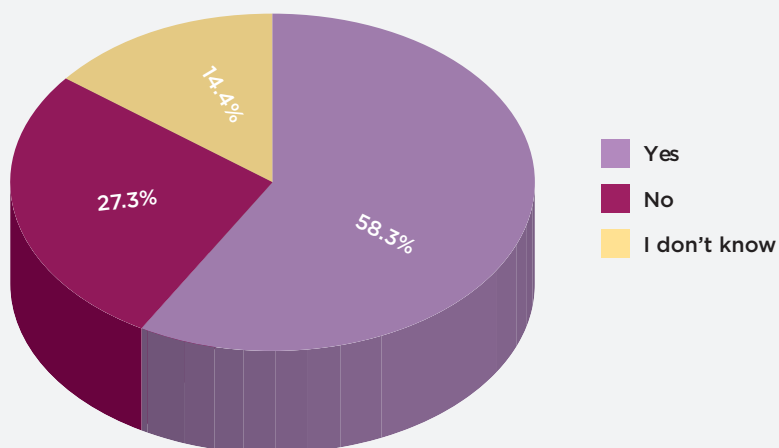


Singaporean survey respondents were also quite divided in their opinions concerning HDB flats. Half (50.5%) thought that the government was doing enough to meet the demand for new HDB flats.



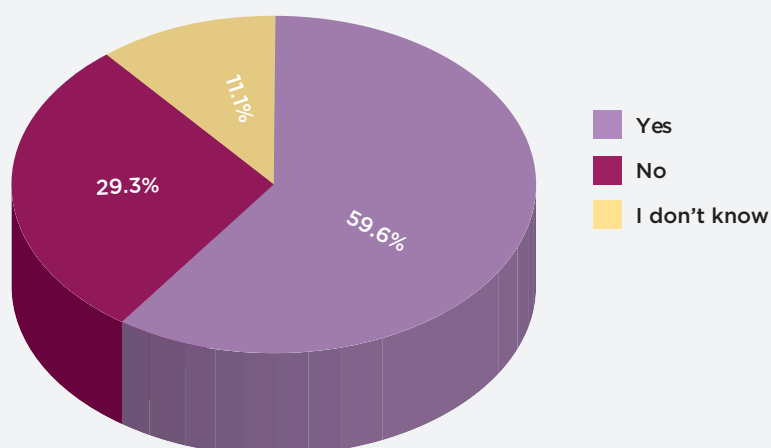
58.3% of them agreed that the government should step in to control Cash-Over-Valuation (COV) on HDB flats.

Do you think the Singapore government should step into control Cash-Over-Valuation (COV) on HDB flats?

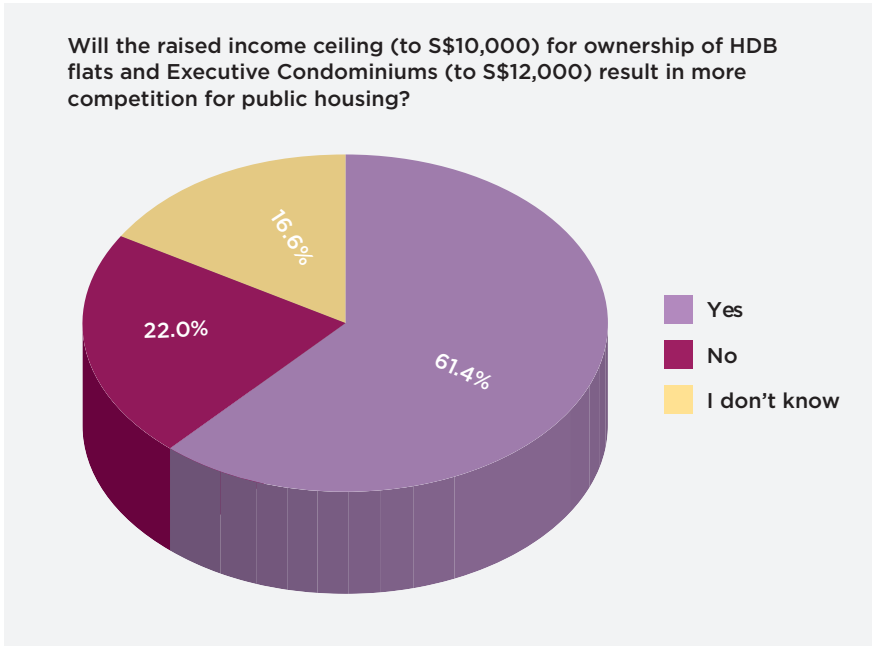


59.6% agreed with recent cooling measures that restrict Singaporeans and Permanent Residents from ownership of private property if they also owned a HDB flat, and only after fulfilling the Minimum Occupancy Period (MOP) of five years.

Recent cooling measures restrict Singaporean and Permanent Residents to ownership of private property if one also owns a HDB flat, and only after one has fulfilled the Minimum Occupancy Period (MOP) of 5 years. Do you think this is a good step?

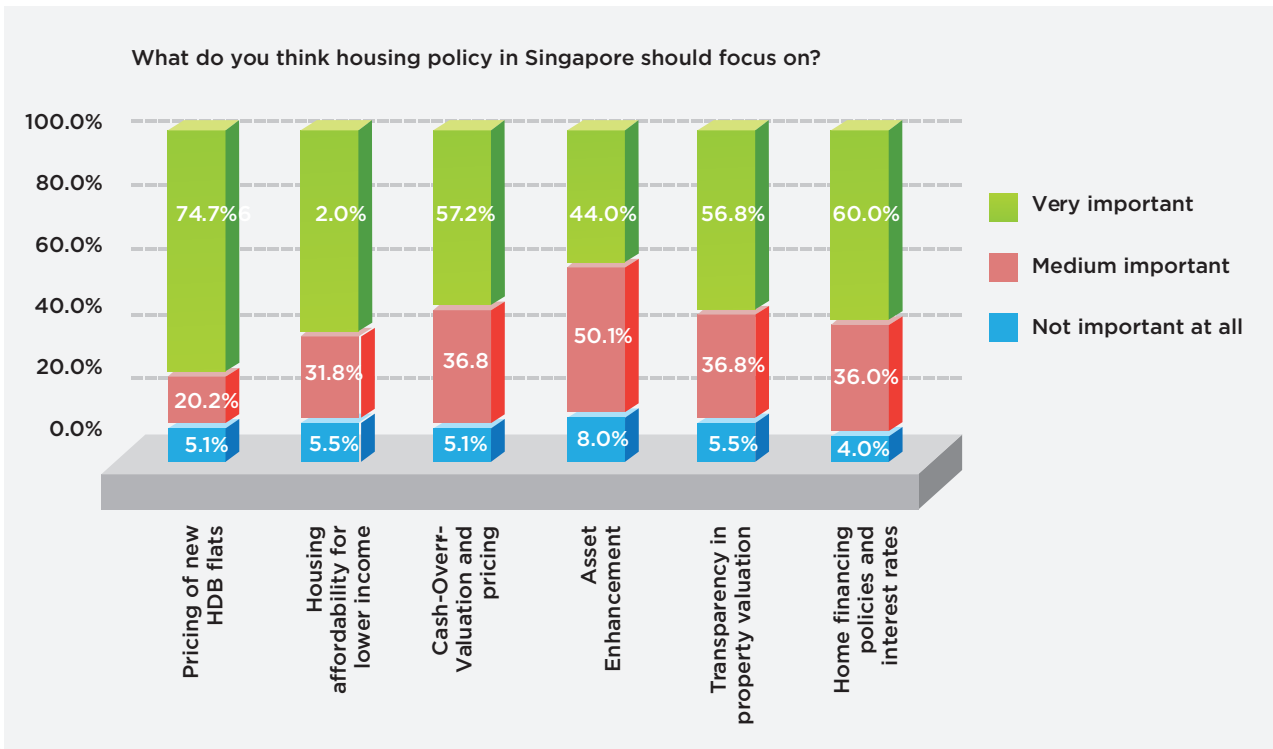


61.4% of those surveyed felt that the raised income ceiling for ownership of HDB flats and executive condominiums would result in more competition for public housing.



*Singaporeans taking the survey were very concerned with HDB policy: 74.5% of those surveyed considered HDB pricing policy to be very important.*

Singaporeans taking the survey were very concerned with HDB policy: 74.7% of those surveyed considered HDB pricing policy to be very important. Other important policy issues included housing affordability for lower income groups; home financing policies and interest rates; Cash-Over-Valuation and pricing of resale flats; and transparency in property valuation methodology.



# INDONESIA: STILL A LONG WAY TO GROW

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With the world's fourth largest population (238mil in 2010) and strong economic growth, Indonesia should have a healthy property market. However, in its current state, the residential real estate sector is an example of unfulfilled potential. **High tax rates, overly complicated bureaucracy and onerous restrictions on foreign ownership** have held back Indonesia's housing market.<sup>vi</sup>

The Asian Crisis of 1997 also dealt a strong blow to property prices. Indonesia's property price index of 141.91 in Q3 of 2011 is about 20% higher than that of six years prior,<sup>vii</sup> but is still below its peak of 1994 in real value.<sup>viii</sup>

Despite these factors, along with a weak mortgage market and high costs of construction materials, West Jakarta and Bali have seen considerable real estate development. The supply of new apartments in Jakarta was anticipated to reach 120,000 units by the end of 2011.<sup>ix</sup>

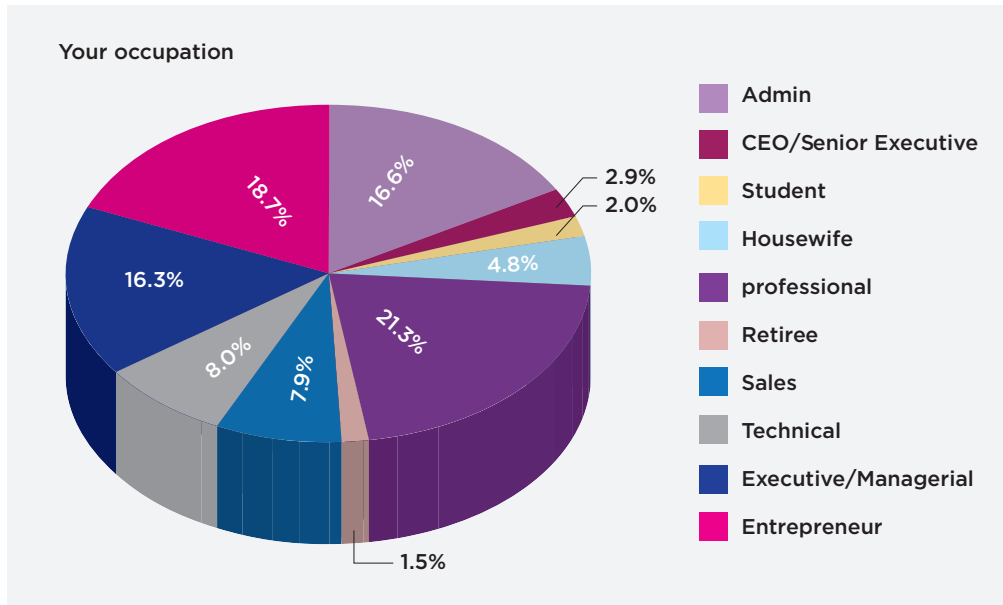
**Survey participants in Indonesia are in a haste to buy, more so than in any other country. 75.4% of those surveyed intended to buy property in the immediate future.**

***The country's highly variable inflation rate, which has wobbled between 4% and 13% for much of the past decade, also discourages borrowing to finance house purchases.***

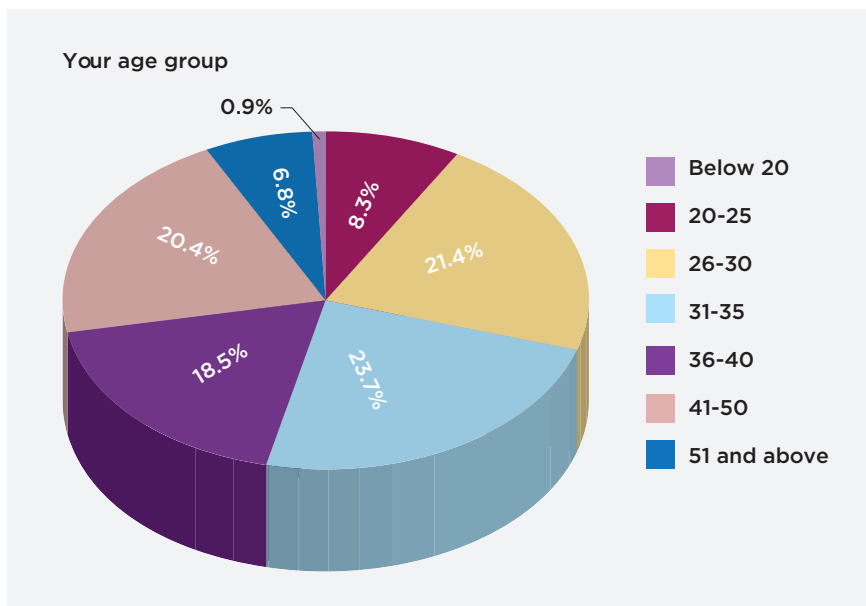
## **Demographics: A Wider Spread of Occupations, Interested in Houses**

More than seven in ten (70.3%) Rumah123.com and rumahdanproperti.com respondents surveyed were male. Occupations of survey respondents were well spread out between professionals (21.3%), entrepreneurs (18.7%), admin (16.6%) and executive/managerial (16.3%) jobs.

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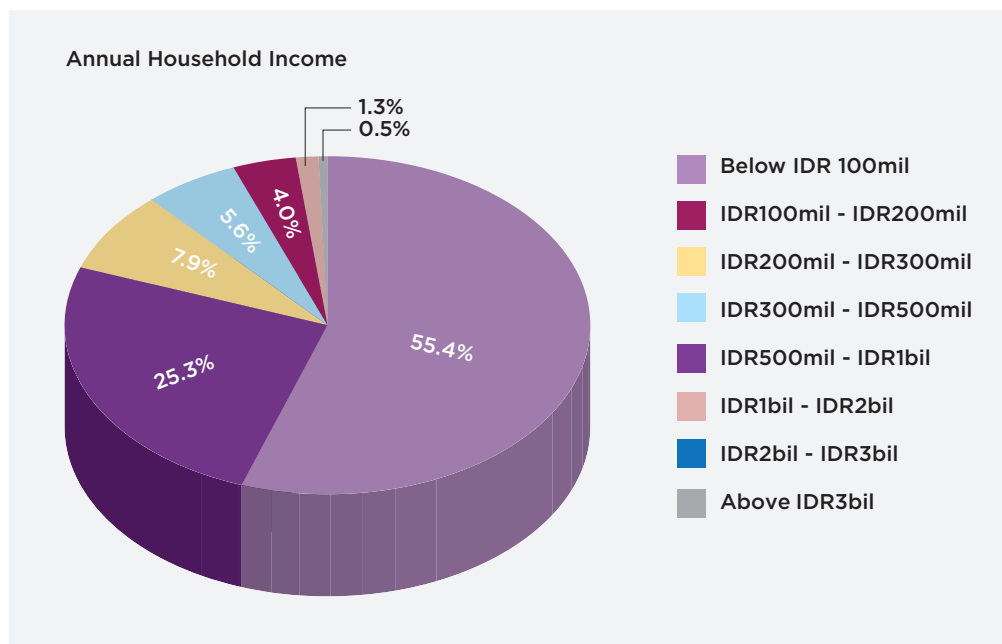
While nearly half (45.1%) were in the 26-35 year age group, there were also nearly as many in some older age groups, including 20.4% in the 41-50 year group.



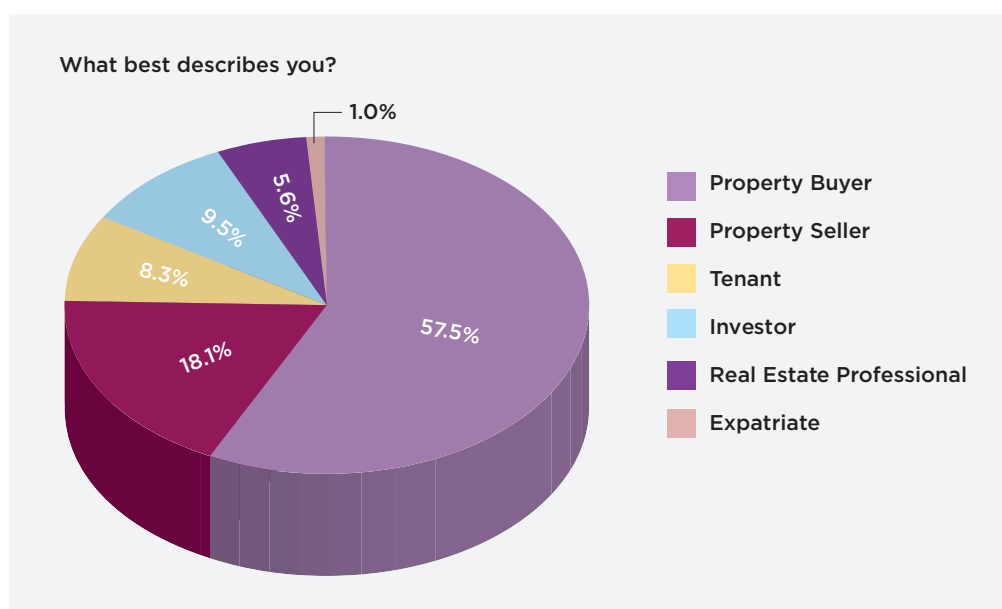
*While nearly half (45.1%) were in the 26-35 year age group, there were also nearly as many in some older age groups, including 20.4% in the 41-50 year group.*

55.4% of survey respondents had an annual household income below IDR100mil. Another 25.3% made between IDR100mil and IDR200mil per year. <sup>xiii</sup>

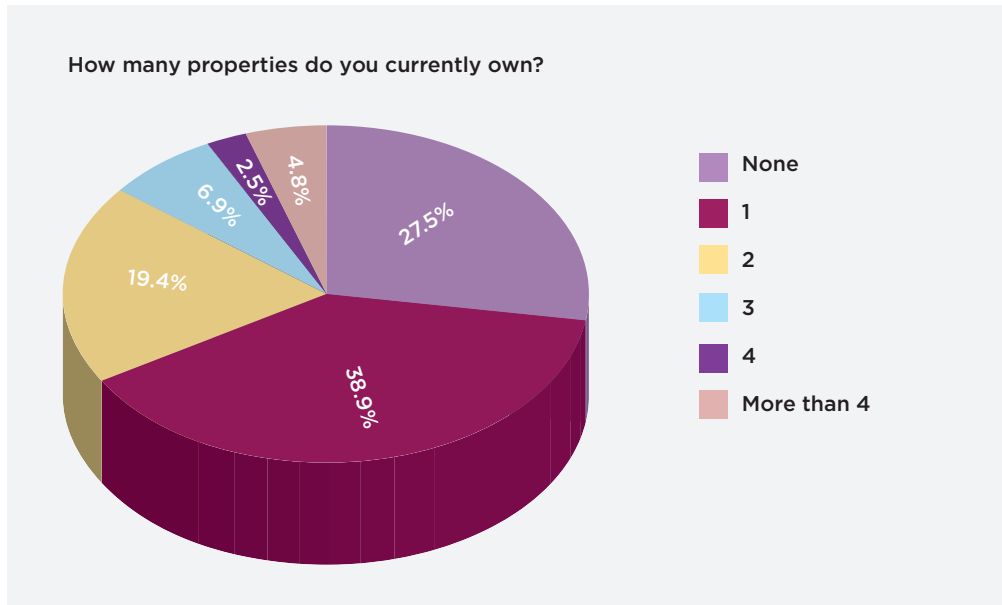




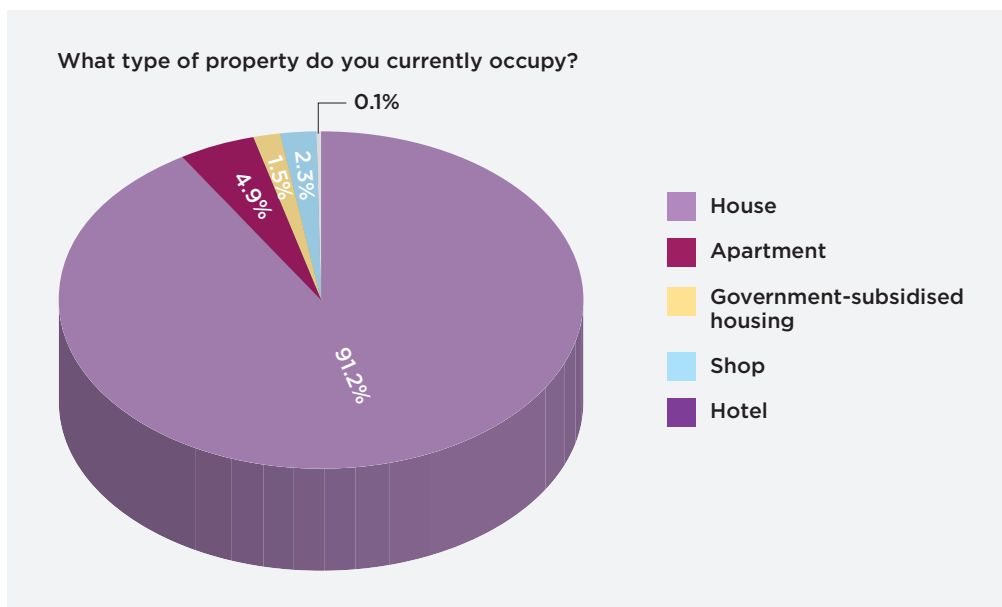
The majority (57.5%) of Rumah123.com and rumahdanproperti.com respondents surveyed were property buyers, while another 18.1% were property sellers. Just 1% of those surveyed were expatriates, which is understandable given the burdensome restrictions on foreigners looking to buy property.



72.1% of those surveyed owned one or more properties, with 38.9% owning just one, and 27.5% owning none.

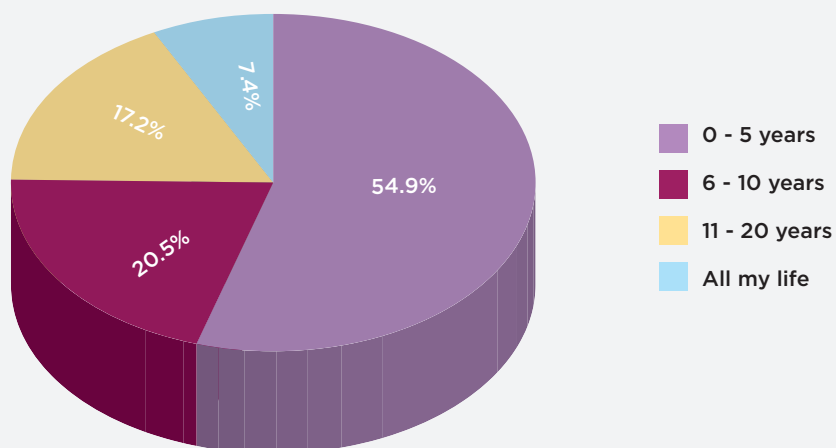


The vast majority (91.2%) of Indonesians surveyed occupied houses, while 4.9% occupied apartments; other types of properties, such as government-subsidised housing, hotels and shops were minimally represented.



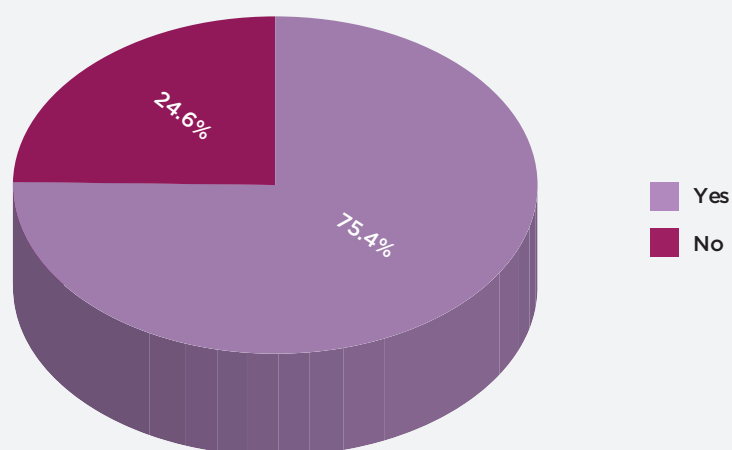
37.7% of people answering the survey had been in their current premises for no longer than ten years, with 54.9% having only been in their current premises for 0-5 years.

How long have you been in your current premises?



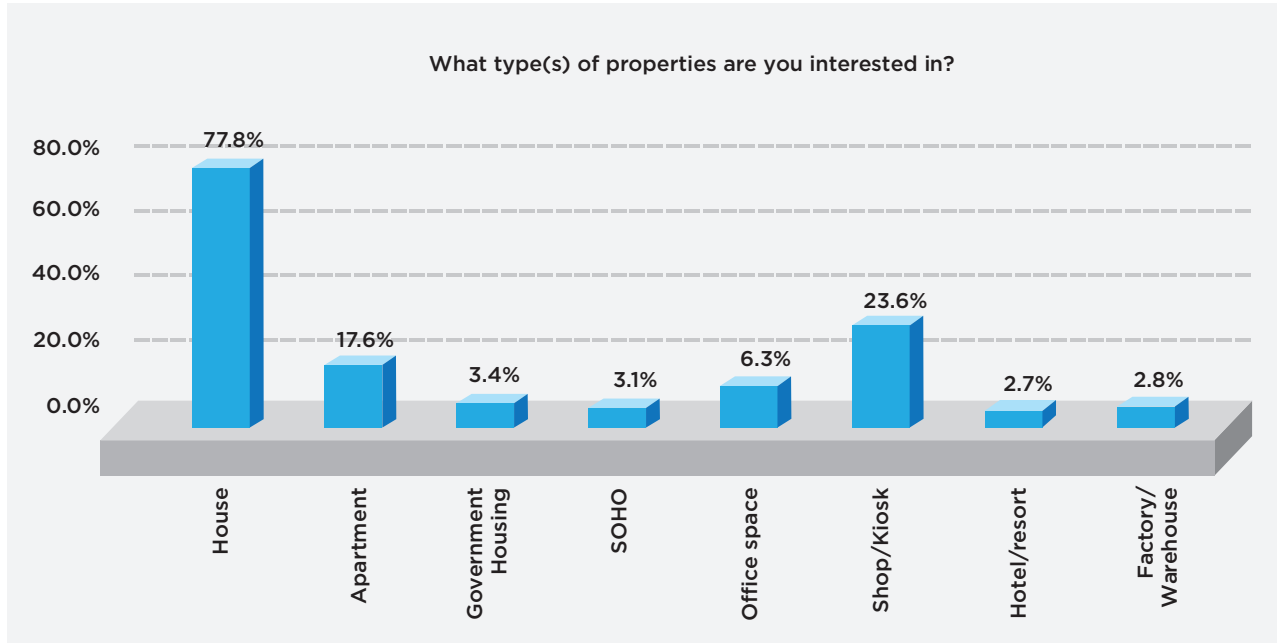
75.4% of Indonesian Rumah123.com and rumahdanproperti.com respondents answering the survey intended to buy property immediately.

Do you intend to buy property right now?



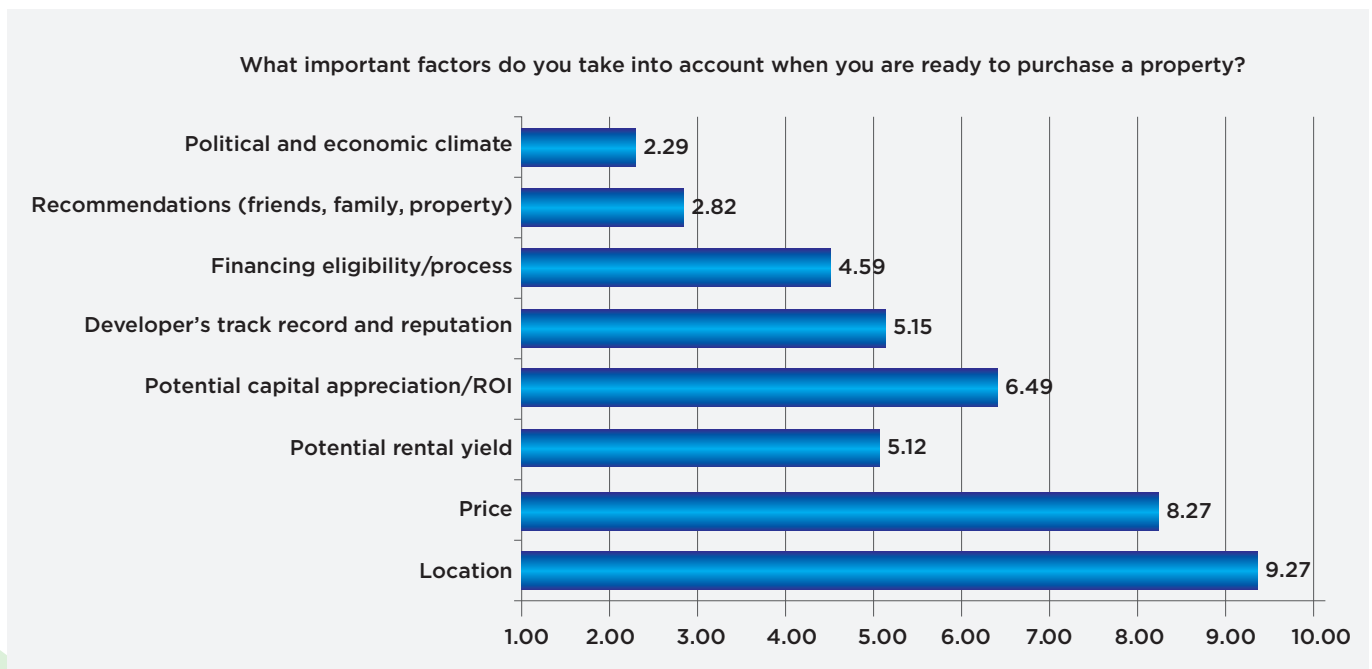
Houses were the favourite type of property (77.8%), while shop/kiosk (23.6%) and apartment (17.6%) properties also attracted some interest.

For this question, respondents were allowed to choose more than one answer.

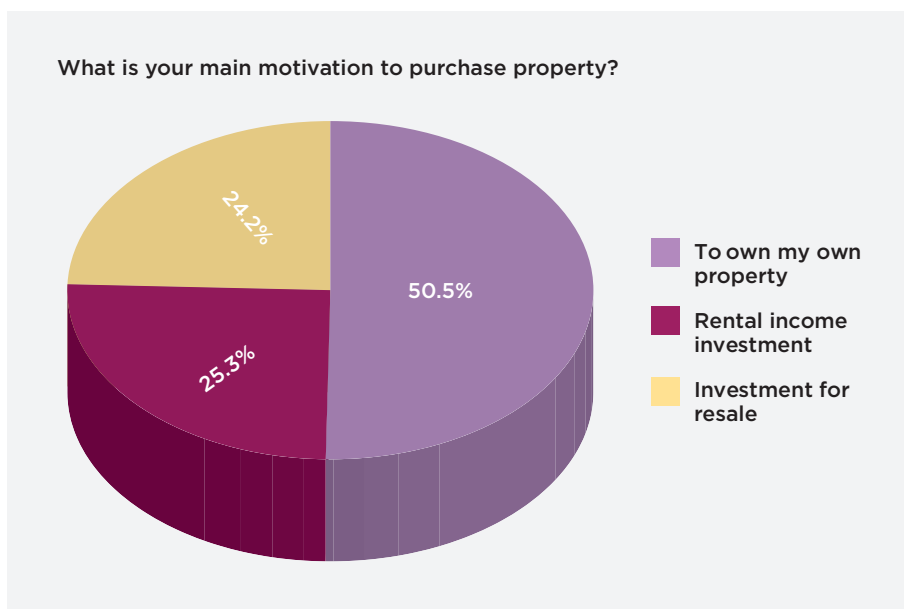


In this series of Likert-scaled questions, location (9.27) and price (8.27) received the highest importance from those surveyed.

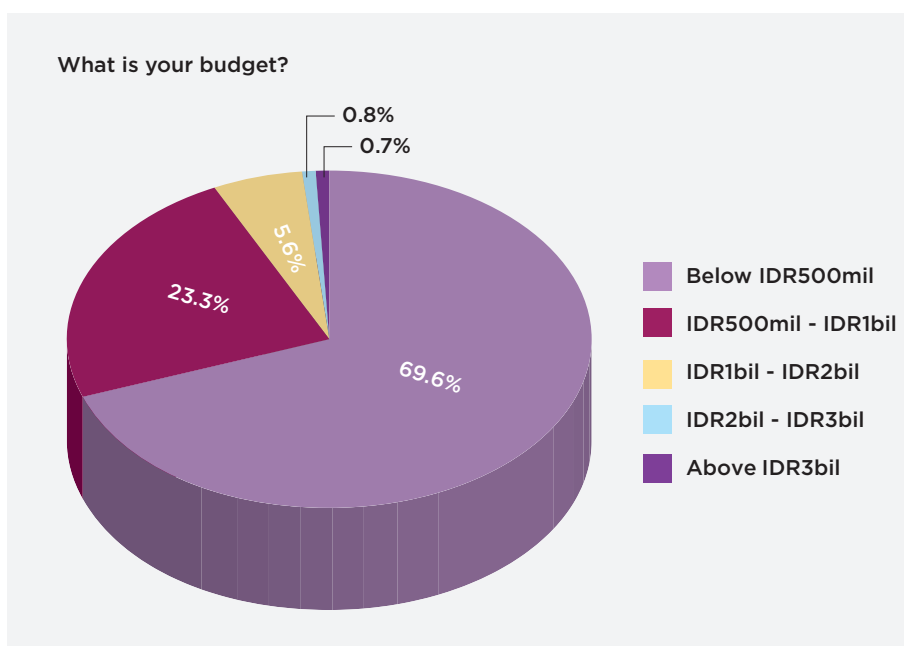
On this scale, a rating of 10 indicates the highest importance and a rating of 1 represents the lowest.



About half (50.5%) of people surveyed in Indonesia wished to possess their own property, while another quarter (25.3%) were seeking rental income investment, and the other quarter (24.2%) sought investment for resale.

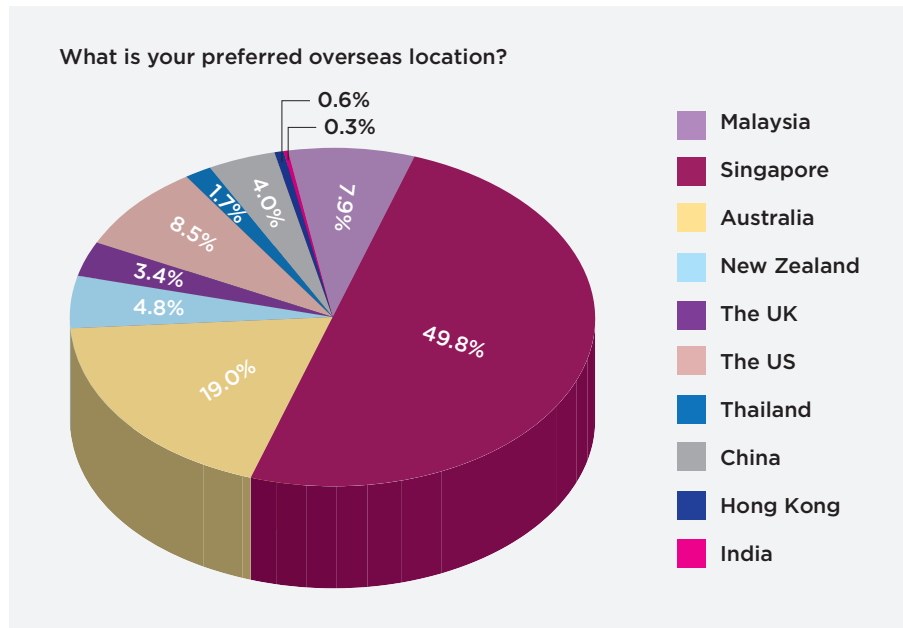


Of those seeking to purchase property, 69.6% had a budget below IDR500mil (USD55,127 at end-of-2011 rates). Another 23.3% had a budget of between IDR500mil and IDR1bil (USD110,254 at end-of-2011 rates).

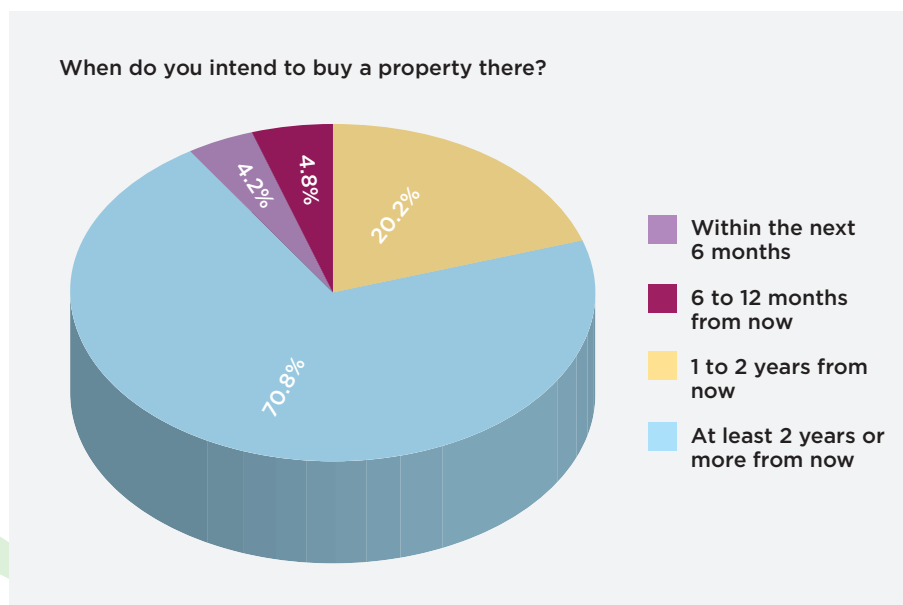


### Overseas Property: Planning for the Long Run

Only 17.7% of those surveyed in Indonesia showed positive interest in overseas property, although another 42.8% were undecided. One in every two (49.8%) of those with overseas interests considered Singapore their preferred overseas location, with Australia being the second most popular (19.0%).

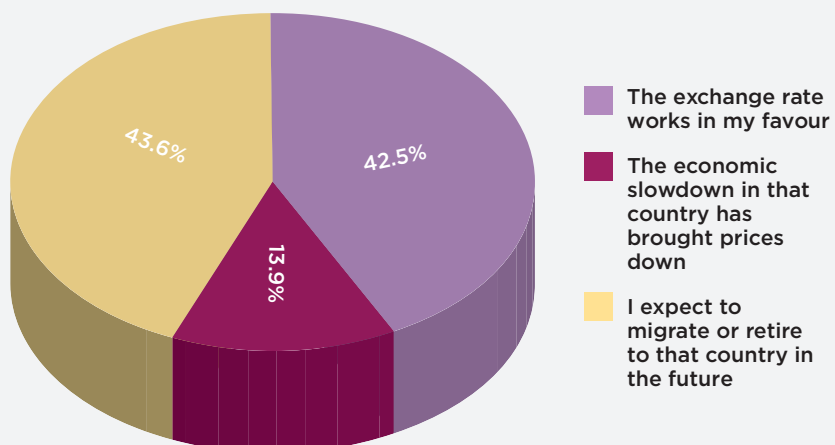


However, survey respondents hastened to buy local property, while taking their time with overseas property. The majority (70.8%) of those interested in overseas property planned to make their purchase two years or more from now. This figure stands in stark contrast to the earlier result indicating that 75.4% of survey respondents intended to buy property in the immediate future.



Survey respondents were divided on why they considered overseas property attractive, with 43.6% of them citing migration or retirement plans, and another 42.5% citing favourable exchange rates.

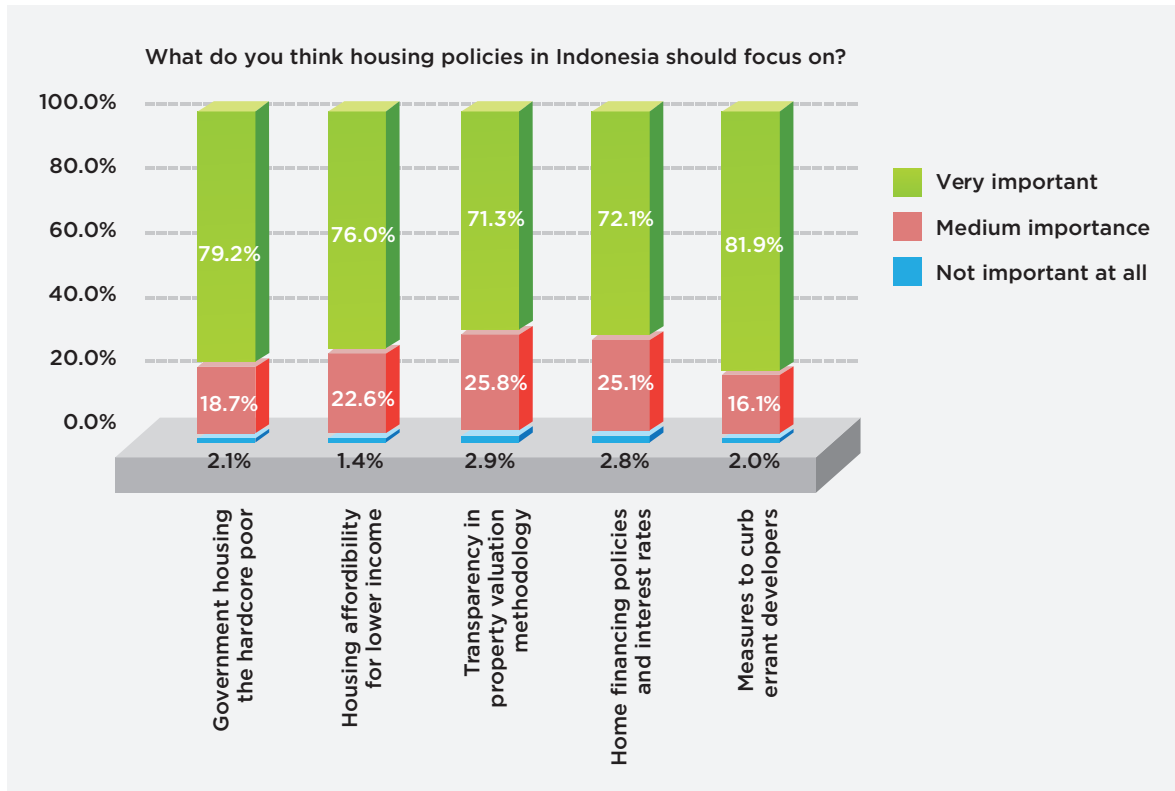
Why is property in that location attractive to you now?



*Survey participants hastened to buy local property, while taking their time with overseas property.*

### Sentiments: Optimistic Outlook, No Bubble

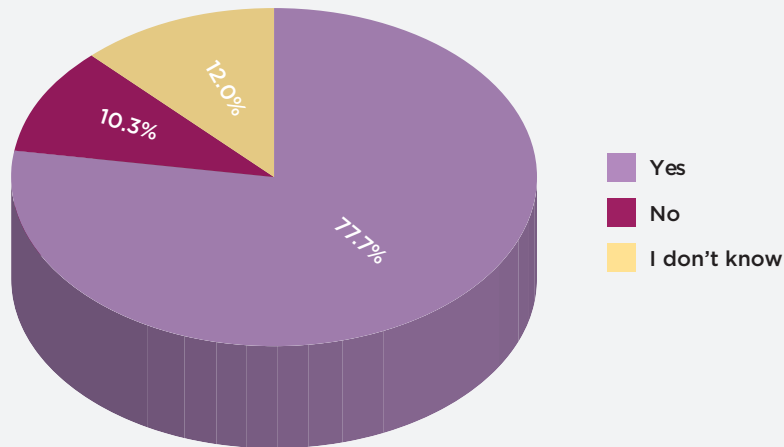
Errant developers and the quality of developers and buildings were the topics of greatest concern for those surveyed. Consumer buying power relative to rising house prices was also a concern, as were home financing policies and interest rates.



Economic and political uncertainties were less of a concern. 77.7% were confident that the Indonesian property market was holding up well despite the threat of a global recession, while only 10.3% were not.

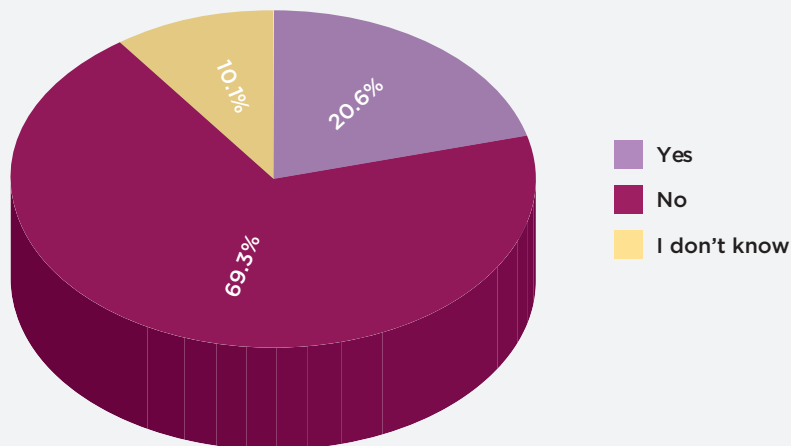


In your opinion, is Indonesian property holding up well despite the threat of a global recession?

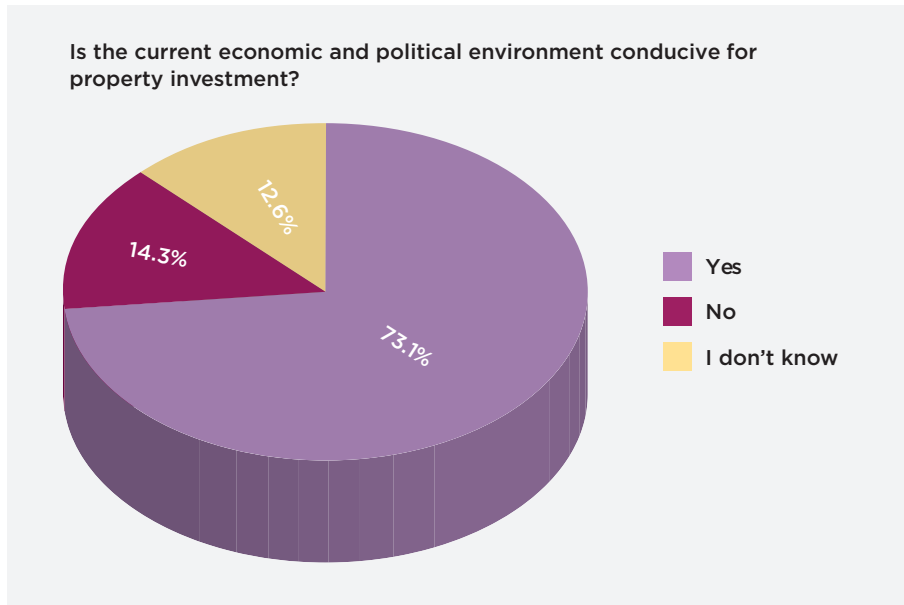


Only 20.6% believed that there was a property bubble in Indonesia, which is unsurprising, given that house prices remain low, compared to prices before the Asian Crisis of 1997.

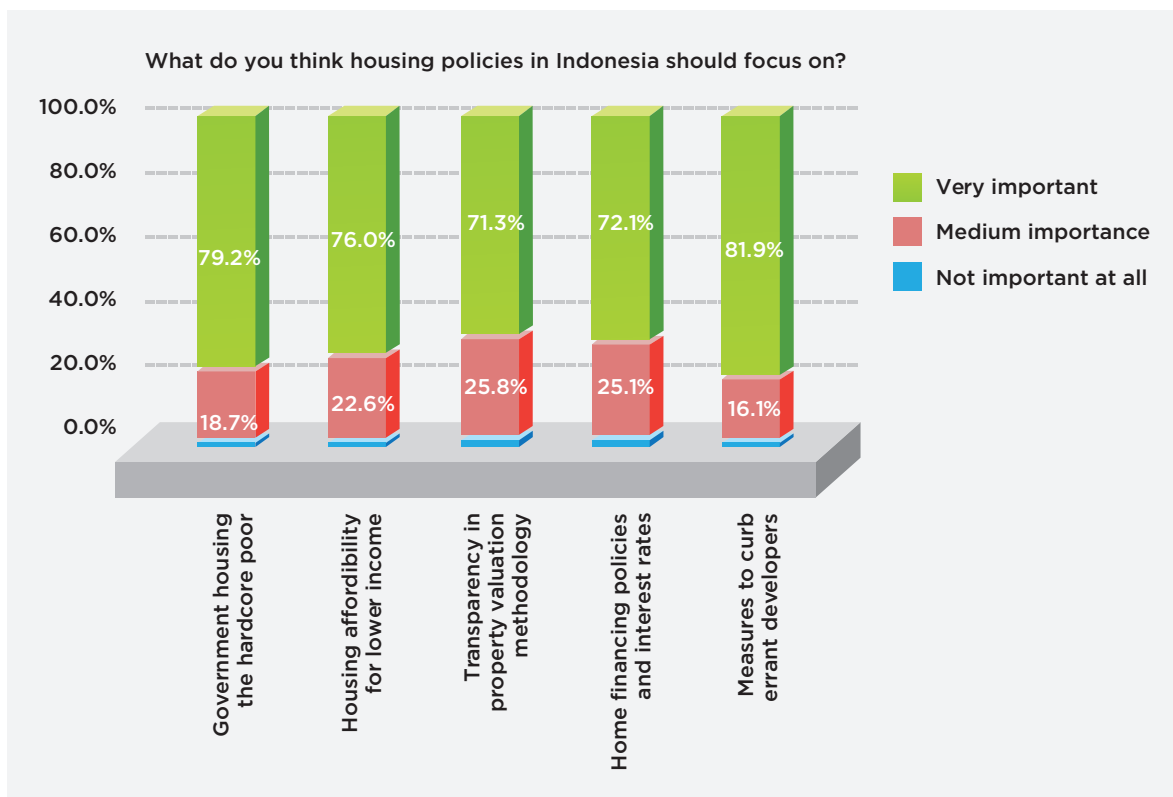
Do you believe there is a property bubble in Indonesia?



Meanwhile, 73.1% of those surveyed believed that the economic and political environment was conducive for property investment.



When asked about which issues housing policies should focus on, Rumah123.com and rumahdanproperti.com survey respondents were almost evenly divided. All five of the topics were considered equally important.



# HONG KONG: BATTLEGROUND FOR SPECULATORS

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Hong Kong is the stage for some of the most intense property speculation in the region, owing to low interest rates (the HKD is pegged to the USD) and demand from China. Speculators from Mainland China is believe to make up about one-quarter of property buyers. <sup>xi</sup>

All land in Hong Kong is leased from the government. The government also provides public housing to about 30% of the total population (3.3mil in 2009). <sup>xii</sup>

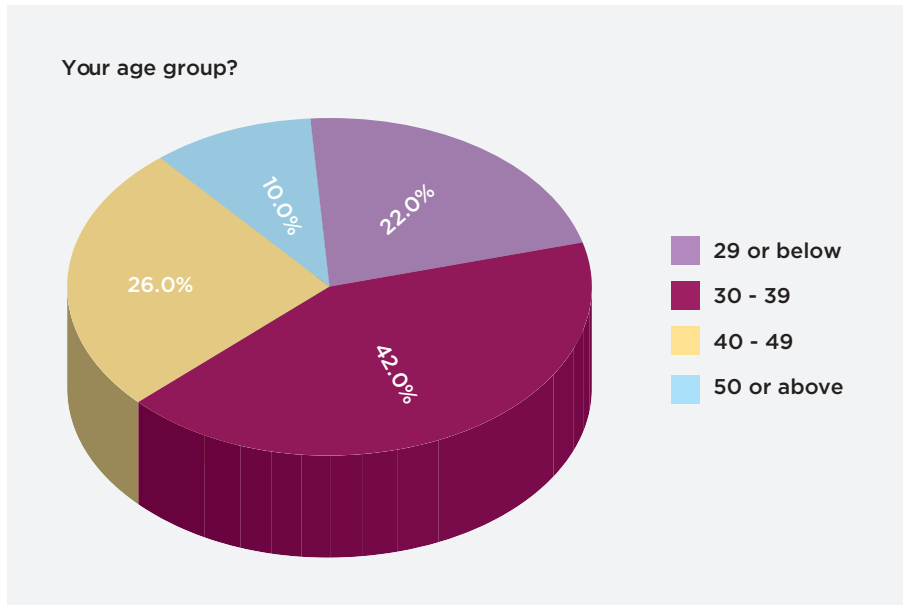
The government has attempted to cool down the overheated property market with various measures, such as a Special Stamp Duty for residential properties, an expansion of the mortgage database to widen the scope of credit checks, and minimum down payments and deposits for foreign property buyers going as high as 50%. <sup>xiii</sup>

***Government efforts have somewhat slowed rampant speculation, with monthly property transaction volume in second half of 2011 reducing by over 50% since its March 2011 peak***

## **Demographics: Shopping Around at Thirty something**

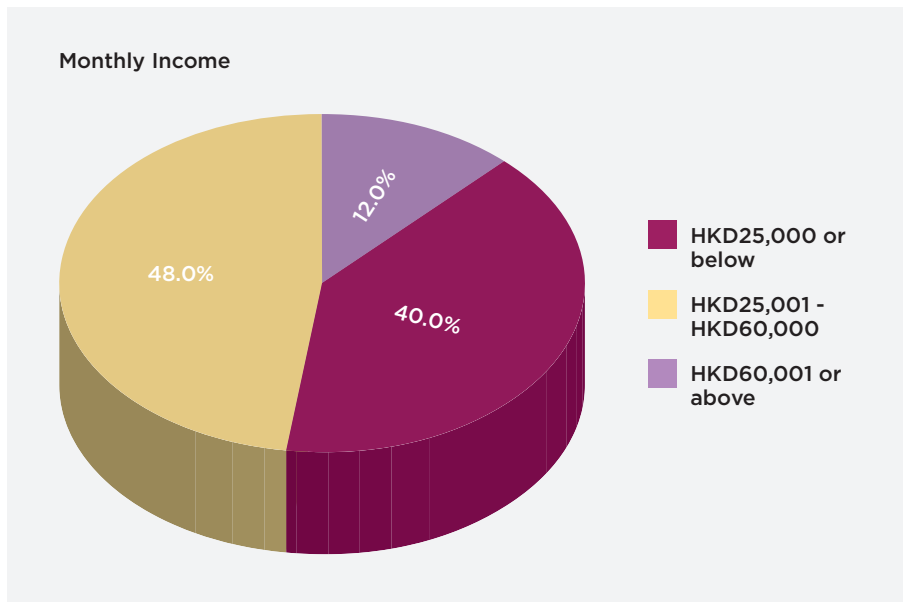
56% of those responding to the GoHome survey were male while 44% were female, and ages from 30-49 years were well-represented (68%).

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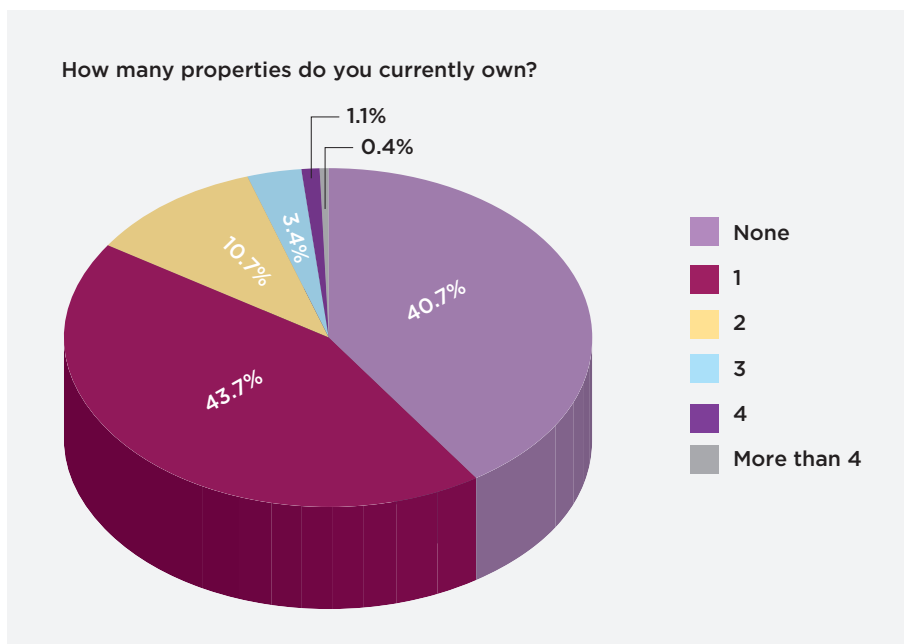


Professional occupations made up 22.5% of survey respondents answering the survey, while the next-largest group, executive/managerial positions, made up 11.6%.

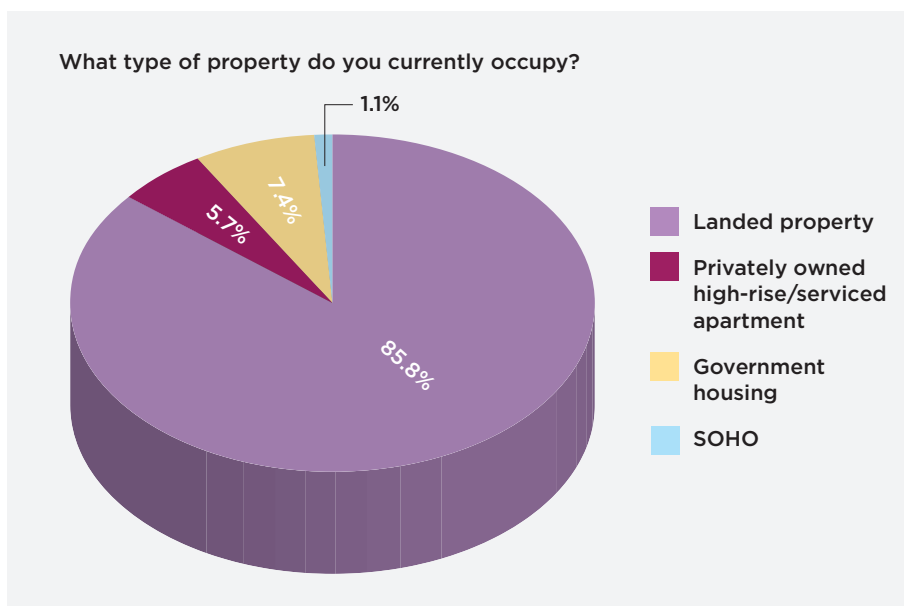
The mid-to-high income group with monthly earnings of HKD25,001-HKD60,000 represents the largest segment (48%) and 12% of survey respondents reported monthly income above HKD60,001.



**51.6%** of those participating in the survey were **property buyers**, and a significant minority (32.7%) were tenants. 43.7% of people answering the survey owned a single property, while 40.7% owned none. Just 15.6% owned more than one property.

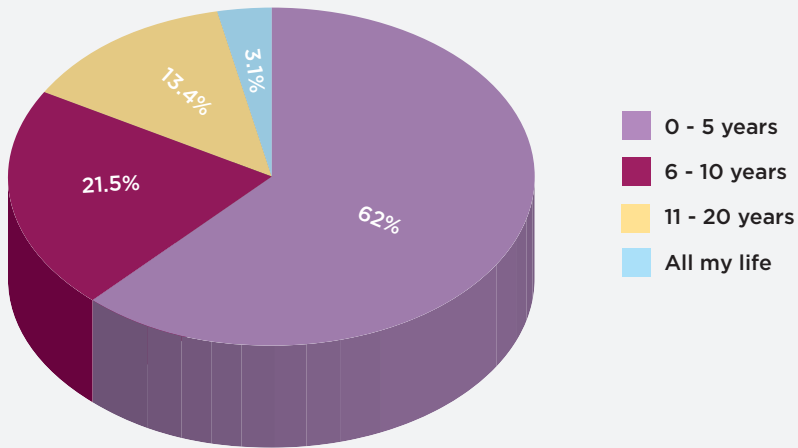


The vast majority (85.8%) of Hong Kong respondents in the survey occupied landed property, with 7.4% occupying government housing and just 5.7% occupying privately-owned high-rises or serviced apartments.



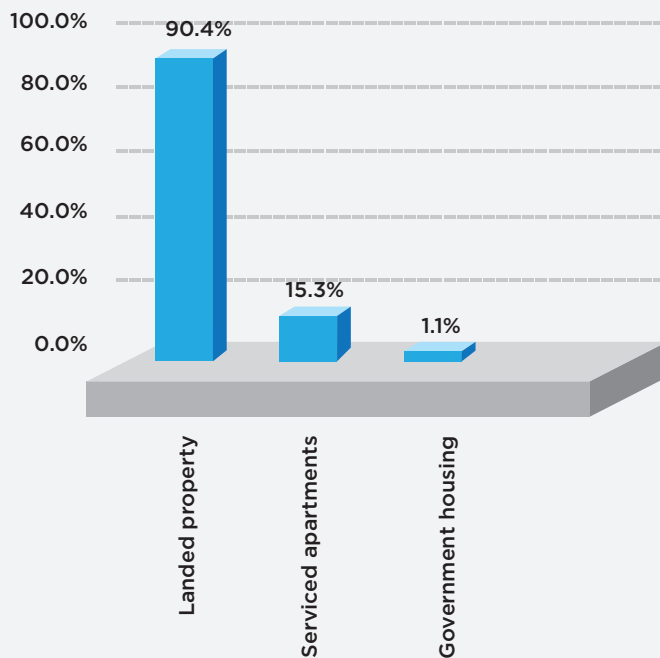
62% of Hong Kong people surveyed had occupied their current premises for 5 years or less.

How long have you been in your current premises?



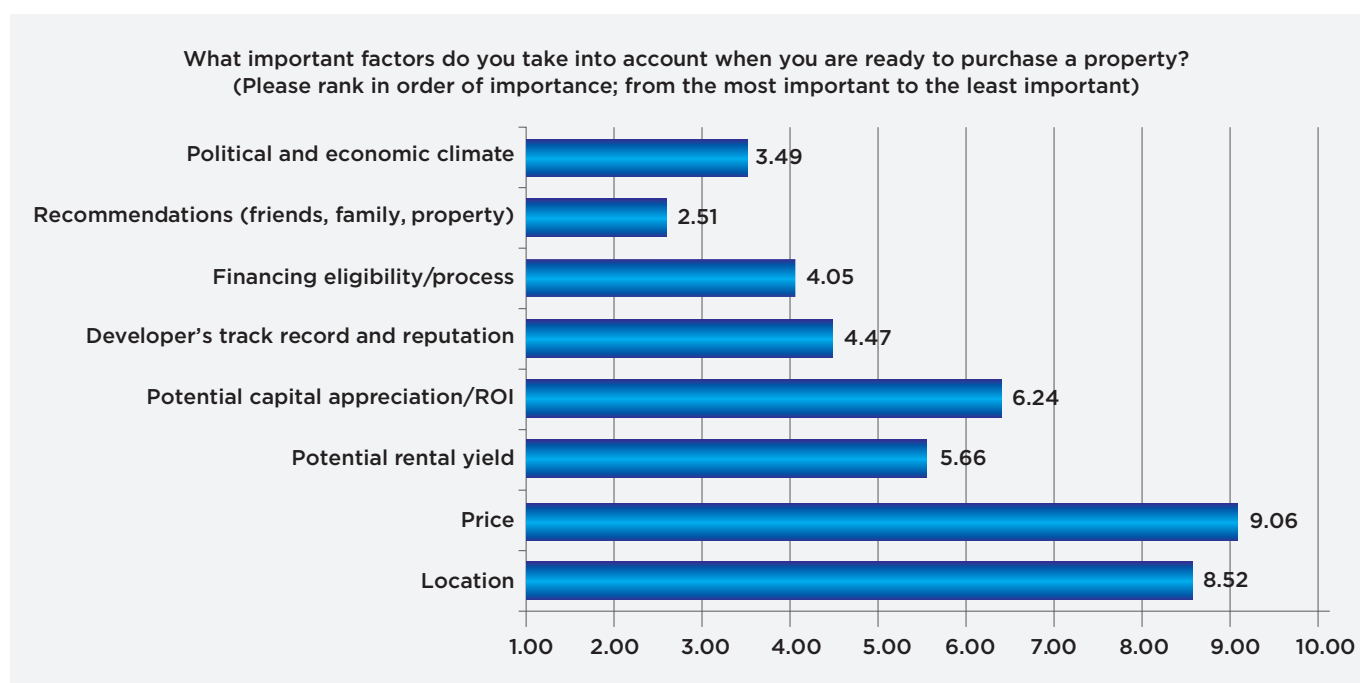
Landed property received interest from 90.4%, while serviced apartments attracted interest from 15.3%, while government housing only drew marginal interest.

What type of properties are you interested in?

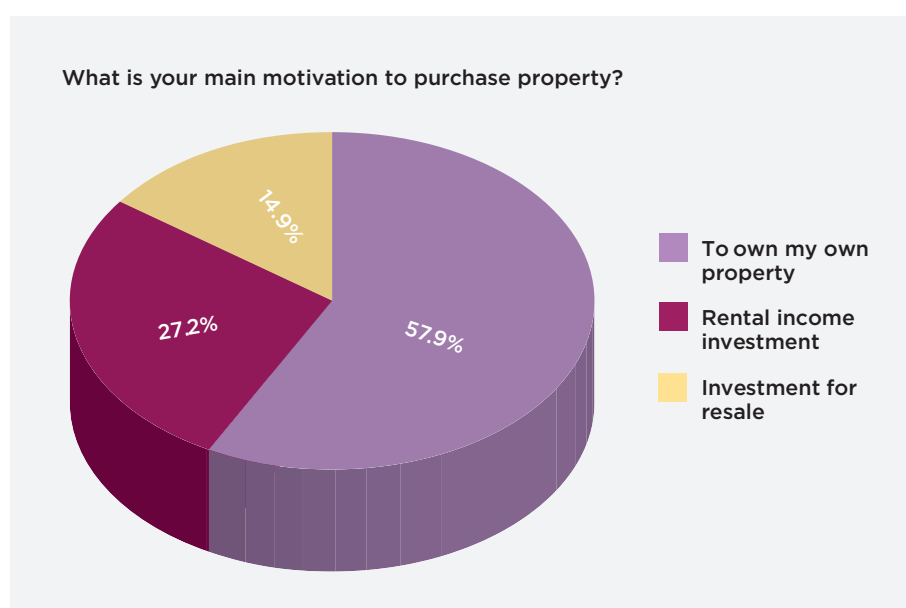


In this series of Likert-scaled questions, price was considered the most significant factor in purchasing property, with an average rating of 9.06, followed by location with an average rating of 8.52. Recommendations by friends, family and agents were considered the least important.

*On this scale, a rating of 10 indicates the highest importance and a rating of 1 represents the lowest.*

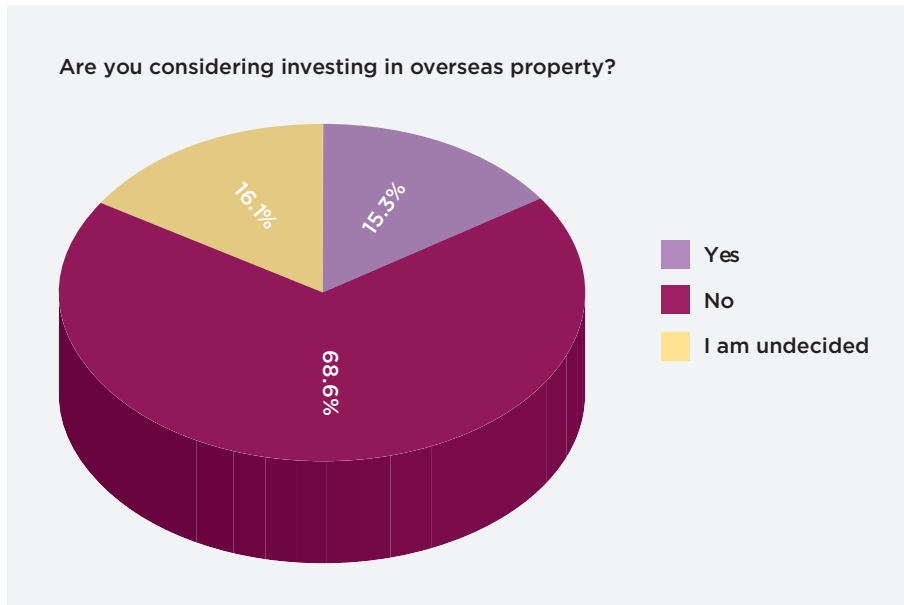


57.9% of GoHome survey respondents in Hong Kong considered ownership of their own property as the main motivation to purchase property.

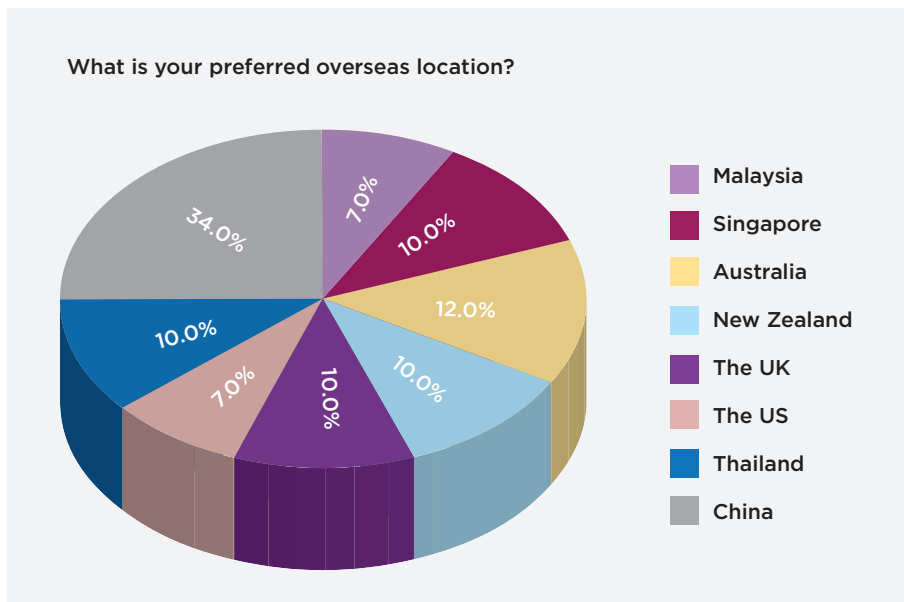


### Overseas Property: Not in a Hurry

15.3% of GoHome.com.hk survey respondents were considering investment in overseas property, with another 16.1% still undecided.

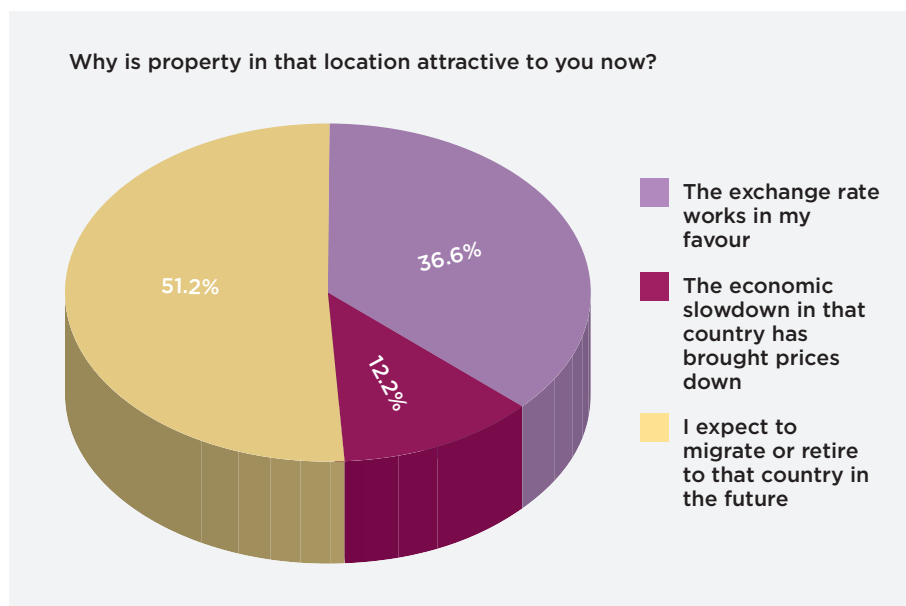


Of those interested in overseas property, interest was split broadly across many overseas locations, with China (34.0%) being the favourite.

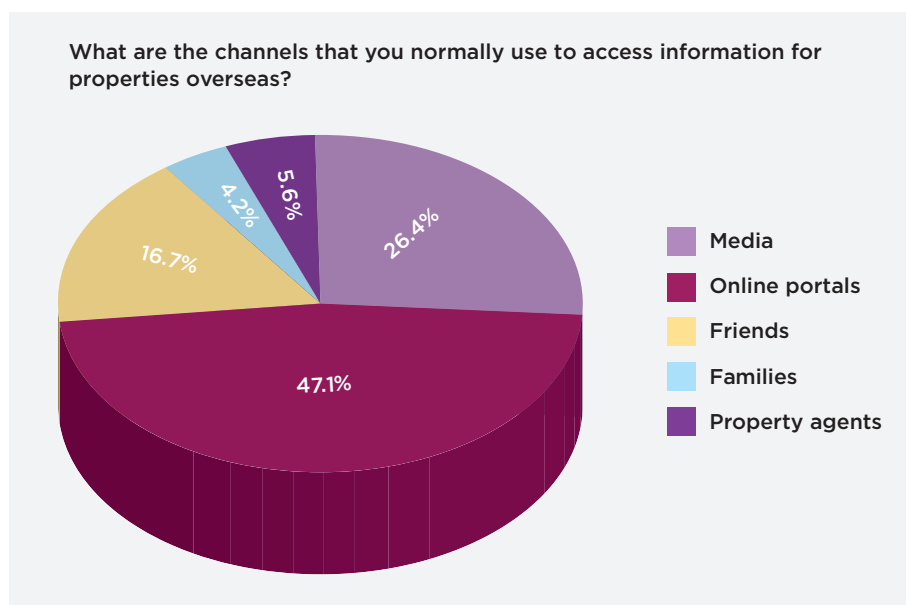




Of those who are interested in overseas property, over half (51.2%) cited retirement / migration plans as the main reason of interest.

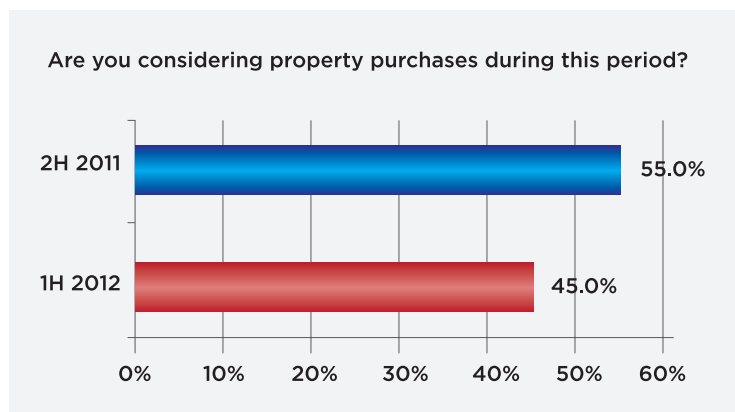


Nearly half (47.1%) of those seeking information about buying overseas properties used online portals as their preferred source of information about overseas properties, while only 26.4% used traditional media.



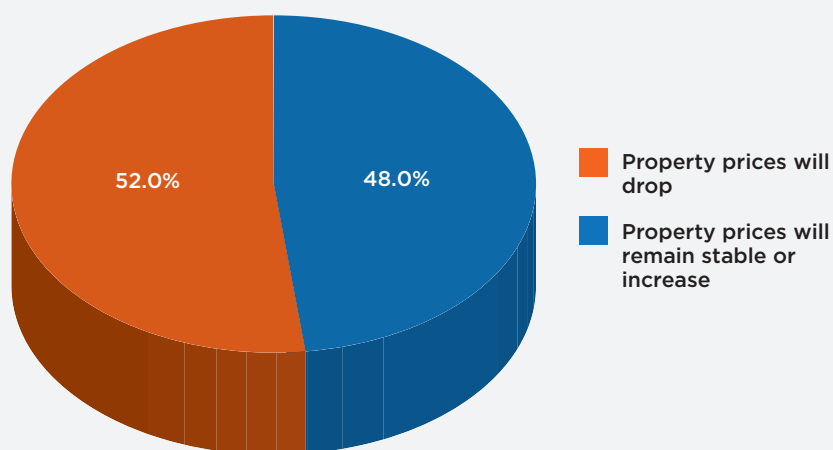
### Sentiments: Cautiously Optimistic

**Nearly half of all respondents** were still considering property purchases in the first half of 2012. This is similar to the findings recorded in the GoHome.com.hk online survey conducted in July 2011.



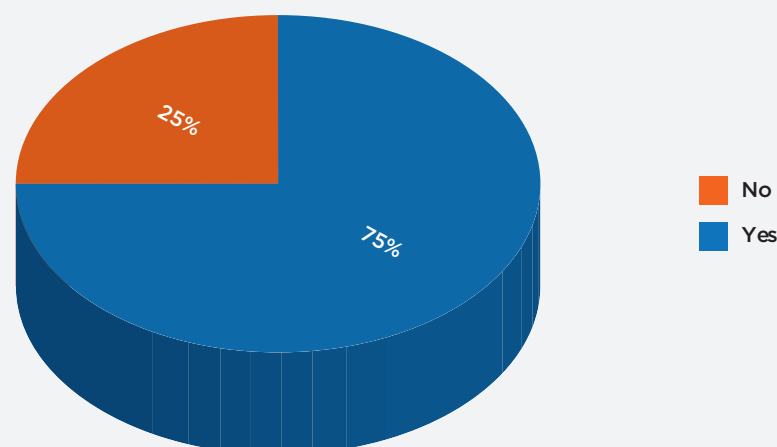
48% of respondents believed that local property prices would stabilise or increase in the first half of 2012.

What is your perception towards property prices in 1H 2012?

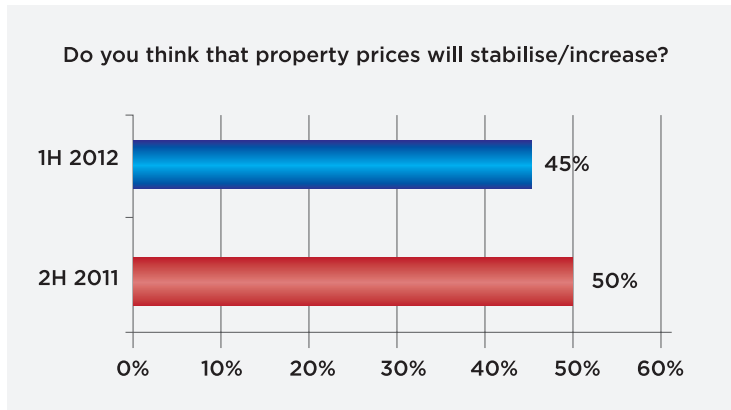


75% of those surveyed intended to keep their self-owned apartments in the first half of 2012, indicating their confidence in the current market.

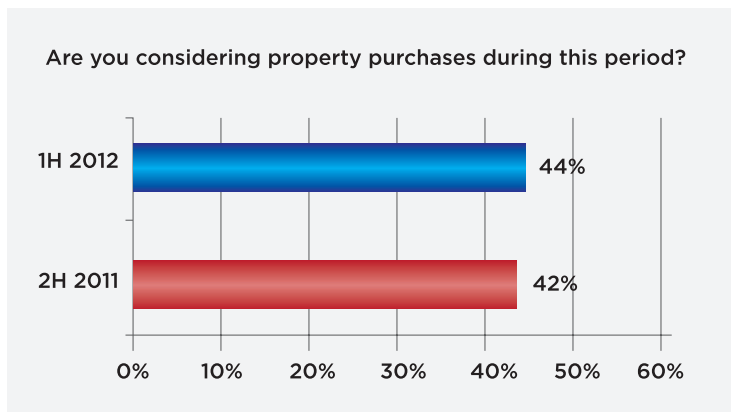
Do you intend on keeping self-owned property in the first half of 2012?



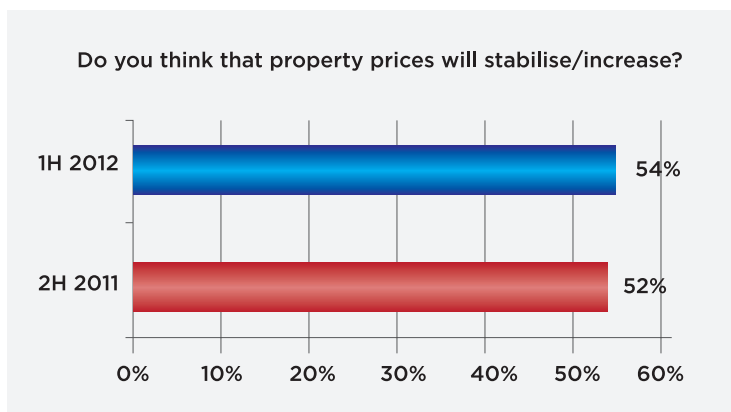
In a comparison of those aged 30 and above with the post-80s demographics, both groups showed continued demand for property. 45% of those surveyed aged 30 and above expect property prices to stabilise or increase in 1H 2012.



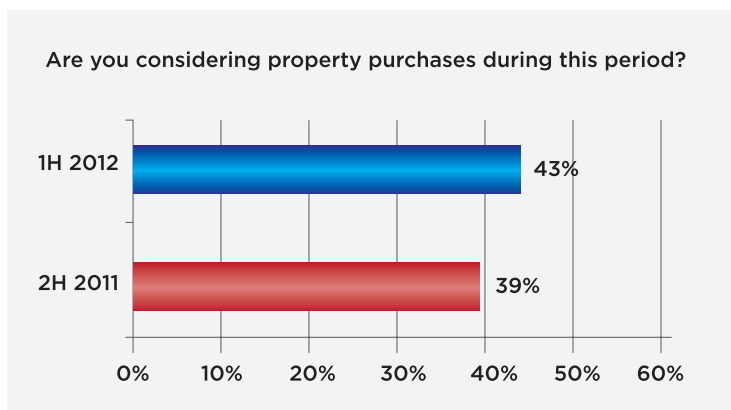
Among those aged 30 and up, 44% showed interest in purchasing property in 1H 2012.



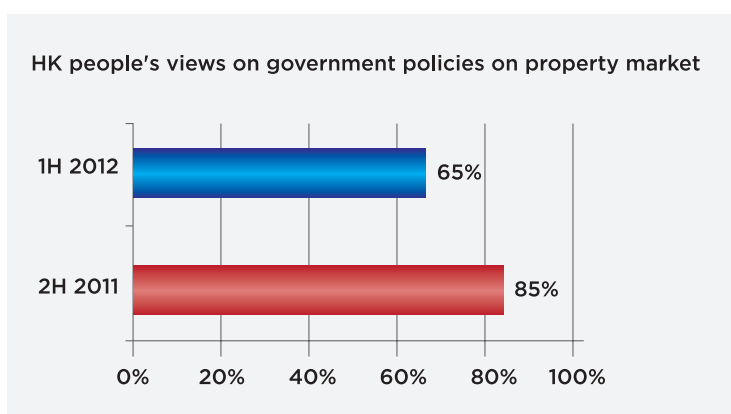
The post-80s demographic became more optimistic about the property market, compared to six months ago, with 54% expecting property prices to stabilise or go up.



43% of the post-80s demographic showed interest in purchasing property in 1H 2012.



When asked about the potential impact of the Hong Kong government's Home Ownership Scheme (HOS) and BRO (Buy or Rent Option Scheme), 65% expected these schemes to have limited or no impact on their property transactions in 1H 2012, while 85% believed that the resumption of both schemes would have limited or no impact on the property market.



# THE PROPERTY MARKET IN 2012

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## **Asia Overview**

Slowing demand from Asia's key trading partners, the United States and Europe, will hurt Asian economies in 2012. However, growth is still expected to be bolstered by strong domestic consumption and intraregional trade. Taking these and other considerations into account, the Asian Development Bank (ADB) announced in September 2011 that it had revised Asia's growth projection for 2012 to 7.5% (this excludes Japan). Meanwhile, inflation is forecast to settle at 4.6% in 2012. <sup>xv</sup>

China may well look forward to this as a chance to cool down its overheated economy and ease inflationary pressures. While its economy should be able to avoid a hard landing, the Asian giant's economic ills and bursting property bubble will still affect the smaller Asian countries.

## **Malaysia: Good Reasons to be Upbeat**

The Malaysian economy grew in the first three quarters of 2011, at rates of 5.2%, 4.3% and 5.8%, respectively <sup>xvi</sup>, while growth in the fourth quarter is expected to be slower. Housing and property prices continued their rise in 2011, but a combination of government measures and economic factors have reduced the rate of increase.

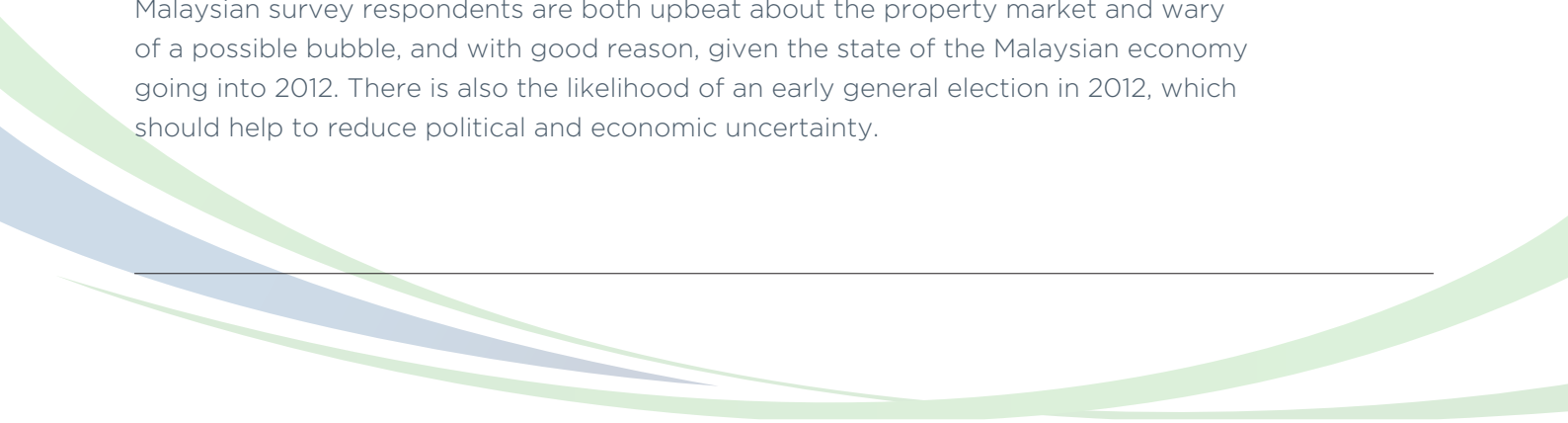
The Malaysian House Price Index for Q3 2011 <sup>xvii</sup> reported a year-on-year increase of 3.15% in house prices, down from 5.76% at the same time a year ago. Adjusted for inflation, house prices dropped 1.96% for this period.

Landed houses, apartments/condominiums and serviced apartments remain popular among property buyers, although the supply of high-end condominiums remains far above demand, with 2,278 additional projects completed in Kuala Lumpur during Q3. <sup>xviii</sup>

Foreign purchases of second home property are promoted under the "Malaysia My Second Home Programme" under the Ministry of Tourism, which allows foreigners who fulfill criteria to stay in Malaysia indefinitely. Applications to the scheme are expected to grow by 10% in 2012. <sup>xix</sup>

Malaysian survey respondents are both upbeat about the property market and wary of a possible bubble, and with good reason, given the state of the Malaysian economy going into 2012. There is also the likelihood of an early general election in 2012, which should help to reduce political and economic uncertainty.

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### **Singapore: Keeping Chins Up**

Singapore's economy grew in the first three quarters of 2011, at rates of 9.4%, 1.0% and 6.1%, respectively, while growth in 2012 is expected to be modest, with the Monetary Authority of Singapore predicting 1-to-3% growth.<sup>xx</sup> Private residential property prices rose by 1.3% in Q3 2011, lower than the 2.0% increase in the previous quarter. The latest housing price statistics continued the eight-quarter trend of a moderating rate of increase in prices.<sup>xxi</sup>

A wave of new units will be arriving on the market beginning in the coming year. The estimated number of private homes receiving temporary occupation permits (TOP) stands at 12,469 for Q4 of 2011, with the number expected to reach 13,308 in Q4 2012. The number is expected to swell to 31,001 in 2015,<sup>xxii</sup> according to the Urban Redevelopment Authority (URA).

The government maintains strict control of land and housing, and has implemented tight curbs on property speculation in an effort to avoid a property bubble.<sup>xxiii</sup> In light of the cooling economy, Singaporeans will look for relief measures in the 2012/2013 budget, to be announced on 17 February. It is unlikely that short-term fiscal stimulus will be as generous as that of previous years, such as in the 2009/2010 budget.<sup>xxiv</sup>

In defiance of the weaker economic outlook for 2012, Singaporean survey respondents are positive about the property market. 68% of them plan to buy property in the next 6-12 months. They are solidly interested in condominium property, and to some extent, rental income.

### **Indonesia: Looking Better, Unless You're a Foreigner**

Indonesia's economy grew 1.5% in Q1 2011,<sup>xxv</sup> 2.9% in Q2 2011<sup>xxvi</sup> and 3.5% in Q3 2011.<sup>xxvii</sup> The central bank, Bank Indonesia, forecasts a 6.3% growth rate for the country.<sup>xxviii</sup> Residential property prices went up by 4.5% during the year to end-Q3 2011. The period also saw a rise in building material prices, which may have factored into the property price increase.<sup>xxix</sup>

In 14 cities surveyed by Bank Indonesia, including Jabodebek-Banten (Greater Jakarta), Surabaya and Bandung, supply of residential property was found to be outstripped by growing demand, and this trend is expected to continue.<sup>xxx</sup>

Investor confidence has increased. Fitch Ratings' upgrade of Indonesia's sovereign rating for long-term foreign and local currency debts to BBB- from BB+ reflects the improved investment outlook, as does Moody's Investor Service's upgrade of Indonesia's local and foreign currency debt rating from Ba1 to Ba2.<sup>xxxi</sup>

Because of restrictions on foreign ownership of property, the situation is still far from optimal for foreign buyers of Indonesian property. Foreigners may not own property

themselves; they may only hold long-term leases or acquire land through nominated individuals or foreign investment companies (Penanaman Modal Asing, or PMA). A proposed extension to the leasehold period, from 25 years to 70 years, has been stalled since the end of 2010, but even if it passes into law, further reforms on foreign ownership restriction will still be needed to help open up property investment by foreigners. <sup>xxxii</sup>

Rumah123.com and rumahdanproperti.com survey respondents in Indonesia seem to know that things are headed up. 75.4% of those surveyed are buying property, and economic/political concerns are at best a middling concern for the majority of them. This is despite the high-profile corruption scandal involving President Yudhodonno's political party, which is hobbling the President's reform agenda. <sup>xxxiii</sup>

### **Hong Kong: Cautiously Optimistic**

Hong Kong's GDP grew 3% year-on-year in Q4 2011, down from 4.3% year-on-year growth in Q3 2011. <sup>xxxiv</sup> Hong Kong's Financial Secretary John Tsang expects the economic growth in 2012 to be lower than the average growth rate over the past decade, with GDP growth of 1-3% in real terms for 2012. <sup>xxxv</sup>

Average transaction price for private domestic property went up by 27% in 2011 vs. 2010. However, monthly transaction volume has dampened over 50% from its March 2011 peak. <sup>xxxvi</sup> This cooling effect partly due to the Hong Kong government's efforts, including: stricter developer guidelines, higher stamp duty for luxury homes, increased land supply for private property developers and a cap on residential mortgages worth. <sup>xxxvii</sup>

Meanwhile, the political scene will remain uncertain until the 25 March election determines a new chief executive. Despite this, nearly half of GoHome survey respondents participating in the survey were still considering purchases during the first half of 2012. Various interest groups are lobbying for new policies to be rolled out to stimulate the property market. The post-election landscape may present new opportunities for property investors.



# ENDNOTES

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- <sup>i</sup> Global Property Guide, <http://www.globalpropertyguide.com/Asia/malaysia/Price-History>
- <sup>ii</sup> Global Property Guide, [www.globalpropertyguide.com/Asia/singapore/Price-History](http://www.globalpropertyguide.com/Asia/singapore/Price-History)
- <sup>iii</sup> Global Property Guide, [http://www.globalpropertyguide.com/?mod=country\\_guide&continent\\_name=Asia&request=singapore](http://www.globalpropertyguide.com/?mod=country_guide&continent_name=Asia&request=singapore)
- <sup>iv</sup> Global Property Guide, [www.globalpropertyguide.com/Asia/singapore/Price-History](http://www.globalpropertyguide.com/Asia/singapore/Price-History)
- <sup>v</sup> Housing & Development Board, Singapore, <http://www.hdb.gov.sg>
- <sup>vi</sup> Global Property Guide, <http://www.globalpropertyguide.com/Asia/indonesia/Price-History>
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- <sup>viii</sup> Global Property Guide, <http://www.globalpropertyguide.com/Asia/indonesia/Price-History>
- <sup>ix</sup> Ibid.
- <sup>x</sup> Ibid.
- <sup>xi</sup> Global Property Guide, [http://www.globalpropertyguide.com/?mod=country\\_guide&continent\\_name=Asia&request=hong\\_kong](http://www.globalpropertyguide.com/?mod=country_guide&continent_name=Asia&request=hong_kong)
- <sup>xii</sup> Hong Kong Special Administrative Region Government, <http://www.gov.hk/en/about/abouthk/factsheets/docs/housing.pdf>
- <sup>xiii</sup> Global Property Guide, [http://www.globalpropertyguide.com/?mod=country\\_guide&continent\\_name=Asia&request=hong\\_kong](http://www.globalpropertyguide.com/?mod=country_guide&continent_name=Asia&request=hong_kong)
- <sup>xv</sup> Asian Development Bank, Asian Development Outlook Update 2011, <http://beta.adb.org/publications/asian-development-outlook-2011-update-preparing-demographic-transition>
- <sup>xvi</sup> Department of Statistics, Malaysia
- <sup>xvii</sup> Malaysian House Price Index, [http://www.jpph.gov.my/v1/index3service.php?versi=1&no\\_khidmat=3&no\\_item=4](http://www.jpph.gov.my/v1/index3service.php?versi=1&no_khidmat=3&no_item=4)
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- <sup>xix</sup> The Star Online, "MM2H applications set to increase", <http://thestar.com.my/news/story.asp?file=/2011/10/31/nation/9803537&sec=nation>
- <sup>xx</sup> Monetary Authority of Singapore
- <sup>xxi</sup> Urban Redevelopment Authority, Singapore
- <sup>xxii</sup> TODAY, Singapore, 3 February 2012
- <sup>xxiii</sup> Global Property Guide, [www.globalpropertyguide.com/Asia/singapore/Price-History](http://www.globalpropertyguide.com/Asia/singapore/Price-History)
- <sup>xxiv</sup> Economist Intelligence Unit, [www.eiu.com](http://www.eiu.com)
- <sup>xxv</sup> Official Statistics News, Statistics Indonesia. "Pertumbuhan Ekonomi Indonesia Triwulan I-2011"
- <sup>xxvi</sup> Official Statistics News, Statistics Indonesia. "Pertumbuhan Ekonomi Indonesia Triwulan II-2011"
- <sup>xxvii</sup> Official Statistics News, Statistics Indonesia. "Pertumbuhan Ekonomi Indonesia Triwulan III-2011"
- <sup>xxviii</sup> The Jakarta Globe, "BI Cuts Economic Growth Forecast for 2012", <http://www.thejakartaglobe.com/business/bi-cuts-economic-growth-forecast-for-2012/481888>
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- <sup>xxx</sup> Ibid.
- <sup>xxxi</sup> The Jakarta Post, "Indonesia property market to continue growth in 2012", <http://www.thejakartapost.com/news/2012/01/26/indonesia-property-market-continue-growth-2012.html>
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