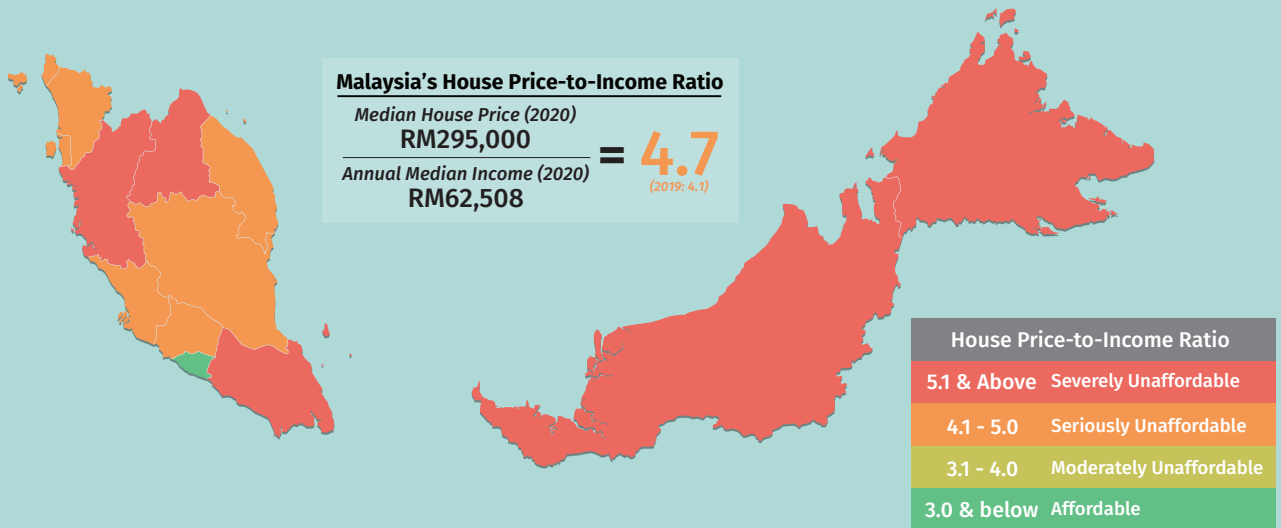


Spotlight: Housing (Un)affordability

House prices in Malaysia are seriously unaffordable across most states

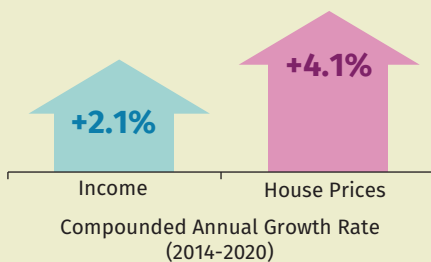


Based on the Median Multiple approach, as recommended by the World Bank as well as the United Nations (UN). See the box article on 'Demystifying the Affordable Housing Issue in Malaysia' in BNM Annual Report 2016 for more details.

*The map is for reference on housing affordability by states only.

Housing is unaffordable because many do not earn enough and are already highly indebted

House prices grew faster than income



Households have low saving buffers



of households have savings that can only cover less than 3 months of living expenses

Prospective borrowers are already highly indebted



of borrowers already have either car or personal loans, which may constrain their capacity to take on a housing loan

There are also not enough affordable homes

To afford a house priced up to **RM300,000¹**, a household needs to earn **RM100,000/year²**, or **RM8,333/month**



76% of households in Malaysia earn \leq RM8,333



but only **36%** of newly-launched units are priced \leq RM300,000

¹ Based on the National Affordable Housing Policy 2019, the maximum price of affordable housing in Malaysia is RM300,000.

² Estimated using Median Multiple approach, in which a house is deemed affordable if the house price is not more than 3 times the annual income.

Source: Bank Negara Malaysia, Household Income Estimates and Incidence of Poverty Report (2020) by the Department of Statistics, Malaysia (DOSM), Household Income and Expenditure Survey (2014 and 2019) by DOSM, BNM Survey on Households (2018), and National Property Information Centre