

## **IFC IS EVALUATING RENT-TO-OWN SCHEMES IN MALAYSIA**

Kuala Lumpur (April 3, 2019): The International Finance Coordination (IFC), a member of the World Bank, wants to invest more in residential rental markets globally and will evaluate rent-to-own schemes in Malaysia alongside Cagamas Berhad, an official said.

“We’d love to be more involved. There’s a lot of the elements in Malaysia — other institutional investors, professional builders, professional property managers that we can work with here, more than a lot of the markets we’ve looked at. It’s a very sophisticated market.

“So when we look at Malaysia, more complex solutions or ones that we can play a role, we’d love to take a bigger opportunity. Rent-to-own is something also that we can look at supporting, alongside Cagamas,” William Britt Gwinner, Principal Operations Officer of Housing Finance at IFC.

He was speaking at a panel session called Ask Me Anything at the final day of the Affordable Housing across Asia conference. The event was organised by Cagamas Berhad and the World Bank Group.

Gwinner said IFC wants to replicate its successful investment structure in South Africa that helped bridged the housing market gap in other countries, but a key obstacle remains in the individual legal environment of each country, particularly in the balance between laws protecting tenants and those sheltering investors.

There is a big investment opportunity in the residential rental markets in both emerging economies in regions such as Africa, and matured economies like Germany or the U.S., Gwinner said, citing the example of Manhattan, where home ownership is lower compared with many other parts of the U.S. because a lot of people choose not to own a property.

With a home ownership level of over 70%, Malaysia is relatively successful in providing affordable housing, Cagamas President and Chief Executive Officer Datuk Chung Chee Leong said.

The issue of housing in Malaysia lies in a mismatch between supply and demand due to the lack of data, and many people cannot afford house purchase because home prices have risen much faster than income growth, Chung said.

The nation is actively seeking to address the issue under the current government, led by the Ministry of Housing and Local Government by putting in place a policy that reaches out to the rest of the population that have yet to own a home, he said.

While policymakers take steps to increase the supply of housing, the changing demand of potential homebuyers from the younger generations also need careful study, Chung said.

“Are they really looking at buying houses? When we talked to the millennials in focus groups, some say they don’t want to buy houses. They would rather keep the money to travel overseas, or buy expensive gadgets. Some would want to buy a smaller home but furnish it nicely like a palace, instead of having a big house,” Chung said. Kuala Lumpur (April 3, 2019): The International Finance Coordination (IFC), a member of the World Bank, wants to invest more in residential rental markets globally and will evaluate rent-to-own schemes in Malaysia alongside Cagamas Berhad, an official said.

“We’d love to be more involved. There’s a lot of the elements in Malaysia — other institutional investors, professional builders, professional property managers that we can work with here, more than a lot of the markets we’ve looked at. It’s a very sophisticated market.

“So when we look at Malaysia, more complex solutions or ones that we can play a role, we’d love to take a bigger opportunity. Rent-to-own is something also that we can look at supporting, alongside Cagamas,” William Britt Gwinner, Principal Operations Officer of Housing Finance at IFC.

He was speaking at a panel session called Ask Me Anything at the final day of the Affordable Housing across Asia conference. The event was organised by Cagamas Berhad and the World Bank Group.

Gwinner said IFC wants to replicate its successful investment structure in South Africa that helped bridged the housing market gap in other countries, but a key obstacle remains in the individual legal environment of each country, particularly in the balance between laws protecting tenants and those sheltering investors.

There is a big investment opportunity in the residential rental markets in both emerging economies in regions such as Africa, and matured economies like Germany or the U.S., Gwinner said, citing the example of Manhattan, where home ownership is lower compared with many other parts of the U.S. because a lot of people choose not to own a property.

With a home ownership level of over 70%, Malaysia is relatively successful in providing affordable housing, Cagamas President and Chief Executive Officer Datuk Chung Chee Leong said.

The issue of housing in Malaysia lies in a mismatch between supply and demand due to the lack of data, and many people cannot afford house purchase because home prices have risen much faster than income growth, Chung said.

The nation is actively seeking to address the issue under the current government, led by the Ministry of Housing and Local Government by putting in place a policy that reaches out to the rest of the population that have yet to own a home, he said.

While policymakers take steps to increase the supply of housing, the changing demand of potential homebuyers from the younger generations also need careful study, Chung said.

“Are they really looking at buying houses? When we talked to the millennials in focus groups, some say they don’t want to buy houses. They would rather keep the money to travel overseas or buy expensive gadgets. Some would want to buy a smaller home but furnish it nicely like a palace, instead of having a big house,” Chung said.

-End -

## **About Cagamas Berhad**

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote homeownership and contribute towards nation development. It contributes towards the growth of the capital markets, Islamic finance and other priority sectors through issuance of innovative instruments. The provision of liquidity to financial institutions at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued circa RM319.1 billion worth of corporate bonds and sukuk.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and AAA<sub>IS</sub>/MARC-1<sub>IS</sub> by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service Inc. that are in line with Malaysian sovereign ratings.