

## Coordinated approach with integrated data to address housing mismatch, conference told



Kuala Lumpur (2<sup>nd</sup> April 2019): Malaysia will create a new single entity under the Ministry of Housing and Local Government to coordinate the supply of homes as part of plans to address the affordable housing issue in the country, a government official said.

There are currently nine federal agencies involved in the planning of housing and the lack of coordination between these agencies has made it challenging for the management of housing supply and demand, Noorihan Abd Halim, Senior Principal Assistant Director at National Housing Department, said at the Cagamas Berhad and World Bank Group conference on affordable housing in Kuala Lumpur today.

As a way forward, the government has put Syarikat Perumahan Negara Berhad and Perbadanan PR1MA Malaysia under the Ministry of Housing and Local Government, she said.

There is a mismatch between the supply and demand of housing based on price and location in Malaysia and the gap is about 40,000 units based on a Bank Negara Malaysia survey in 2016, she said. There were 114,000 units of supply, while the demand of new households were 154,000.

Malaysia also lacks an integrated registration system for stocks and home buyers, presenting a challenge to properly match the supply and demand of houses, Noorihan said.

“In Malaysia, federal has its system and all 14 states have their own systems. That’s why we can’t have integrated information and we didn’t know how much was the demand in the other states and how much was the stock we have in Malaysia.” An integrated database system is in the works to tackle the problem, she added.

Malaysia is not alone when it comes to the availability of sufficient housing market data for efficient planning. Collecting housing market data and making it publicly available is one of the top lessons learned from the past experience of countries including Japan, South Korea, China, the U.S., Singapore and India in managing housing policies, Matthias Helble, an economist at the Asian Development Bank said at the same conference.

Facilitating the access to housing finance is another crucial step for policymakers since the mortgage debt-to-GDP ratio is often below 15% in Asia, compared to more than 50% in many developed countries, according to Helble.

The panelists were speaking at the “Constructing & Financing Affordable Housing across Asia” conference organised by Cagamas and the World Bank Group. Held for the first time in Asia, the conference brings together key figures from the public and private sector, finance and fintech leaders, innovators, as well as green and disaster resilient housing experts to discuss solutions and challenges in building and financing affordable housing across the continent.

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#### **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.

**Media enquiries, please contact:**

Tan Wai Fong (Ms)  
Conference Media Officer  
Email: [waifong@twfcomms.com](mailto:waifong@twfcomms.com)  
Tel: +6017 3000 032