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COMMENTARY ON BUDGET 2026

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Building on last year's success in reducing the deficit, eliminating extreme poverty, and improving subsidy targeting, the 2026 Malaysian Budget focuses on prudent spending, combating corruption, and ensuring aid reaches those who need it most.

Several promising initiatives have been introduced to enhance housing affordability, promote urban renewal, and drive growth in high-value sectors, tourism, and infrastructure development.

1. Full stamp duty exemption for homes priced up to RM500,000 is extended until the end of 2027, easing upfront costs and improving affordability for first-time buyers, youth, gig workers, and the self-employed. This is supported by expanded SJKP guarantees increased to RM20 billion and BSN's RM500 million housing fund, which helps these groups access financing. Additionally, the Youth Housing Financing Scheme is extended to 2026 to assist up to 48,000 young civil servants in buying homes. Together, these measures aim to boost demand and reduce the oversupply of affordable housing.

2. The proposed 8% flat stamp duty on property transfers involving non-citizens and foreign companies could risk dampening foreign investment, despite existing state controls on foreign property ownership. Stakeholders advise a balanced approach to maintain Malaysia's attractiveness to foreign investors.

3. The government plans to allocate an additional 50 acres of Malay Reserve land within the Bandar Malaysia development to secure local participation and future land ownership. Petronas will lead the development plan, expected to start by the end of 2026. This is likely to boost property values and investor confidence in the area.

4. The Government's RM600 million allocations to rejuvenate Carcosa Seri Negara, together with conservation works at the Kuala Lumpur Railway Station and Dayabumi Complex under the Warisan KL initiative, will revitalise the city's heritage assets. This effort is expected to transform the surrounding area, support KL's regeneration, and enhance tourism appeal by blending historical charm with modern city development.

5. A special 10% tax deduction (capped at RM10 million) encourages the conversion of older commercial buildings into residential units, promoting urban renewal and better utilisation of underperforming assets.

6. The Government's push for high-value and tech-driven industries, supported by the RM180 million NIMP Industrial Fund and RM5.9 billion RDCI allocation, is set to boost demand for modern industrial properties such as tech parks and logistics hubs. Key investments in semiconductors, AI, the Perak Halal Industrial Park, and the Selangor Aero Park highlight growing momentum in advanced manufacturing. The RM1.3 billion allocation for TVET will also help build a skilled workforce for these sectors. Together, these efforts position Malaysia as a future-ready industrial hub and increase the value of high-tech, sustainable industrial real estate.

7. The expansion of Subang Airport and development of its surrounding areas will be led by the Government and Government-Linked Companies (GLCs) to strengthen Malaysia's aerospace sector. This is expected to stimulate economic growth and increase demand for nearby commercial and residential properties. Clear targets for local business involvement would provide greater certainty to the property market and investors.

8. The introduction of a carbon tax in 2026 is expected to encourage greener, energy-efficient industrial developments, but it may also lead to higher operating costs, particularly for industrial players.

9. The RM81 billion federal development allocation highlights the government's strong commitment to infrastructure as a key driver of economic and property market growth. It will boost accessibility and liveability, making residential and commercial areas more attractive. These improvements are expected to enhance property values and investor confidence, particularly in key growth areas such as the Johor-Singapore SEZ, Penang, and MVV in Negeri Sembilan. Continued infrastructure investment will support long-term demand and urban renewal, reinforcing the resilience of Malaysia's property market.

10. Nearly RM200 million is allocated to improve stage bus services in Johor Bahru ahead of the RTS launch, which is expected to enhance connectivity, improve last-mile access, and support residential demand and transit-oriented development along the corridor.

11. A RM1.26 billion allocation will support around 180,000 senior citizens through socioeconomic aid and activity centres. There is also a call for national standards on senior living facilities to ensure quality care and safety amid Malaysia's growing ageing population.

Overall, we have a positive response to the government's proposals, particularly the strong focus on growing Malaysia's industrial sector, which plays a key role in driving the overall economy. The funding for the NIMP Industrial Fund, RDCI, and TVET reflects clear support for high-value industries like semiconductors, AI, aerospace, and halal manufacturing. These initiatives are expected to boost demand for modern industrial spaces such as tech parks and logistics hubs, creating jobs and attracting investment.

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