House prices in Malaysia are seriously unaffordable across most states.

**Malaysia’s House Price-to-Income Ratio**

<table>
<thead>
<tr>
<th>Median House Price (2020)</th>
<th>RM295,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Median Income (2020)</td>
<td>RM62,508</td>
</tr>
</tbody>
</table>

**House Price-to-Income Ratio**

<table>
<thead>
<tr>
<th>5.1 &amp; Above</th>
<th>Severely Unaffordable</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 - 5.0</td>
<td>Seriously Unaffordable</td>
</tr>
<tr>
<td>3.1 - 4.0</td>
<td>Moderately Unaffordable</td>
</tr>
<tr>
<td>3.0 &amp; below</td>
<td>Affordable</td>
</tr>
</tbody>
</table>

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
  - House Prices: +4.1%
  - Income: +2.1%

- Households have low saving buffers
  - 76% of households have savings that can only cover less than 3 months of living expenses

- Prospective borrowers are already highly indebted
  - 65% 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 RM300,000\(^1\), a household needs to earn RM100,000/year\(^2\), or RM8,333/month

76% of households in Malaysia earn ≤RM8,333

but only 36% of newly-launched units are priced ≤RM300,000

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\(^1\) 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.