# Residential Market and Household Housing Loan Patterns in Malaysia during Pandemic

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# A B S T R A C T

This study will analyze the pattern of household's property loans in Malaysia based on different income groups during the pandemic. The property sector's performance also has a strong impact on the Malaysian banking industry, faced serious challenges in 2020 as consumer sentiment turned cautious. According to The Central Bank of Malaysia (BNM), Gross Domestic Product (GDP) for construction sector represented a -10.4% (Q1 2020) drop from the previous year (7.9% at Q1:2019). Hence, Malaysian government is seen trying to mobilize the real estate and banking sectors by introducing various short-term plans to encourage home purchases in addition to the lowest Overnight Policy Rate (OPR) in the country's history. However, the total increase in impaired loans (NPLs) for housing loans has increased by 27% in June 2021 compared to June 2020. The findings show that the groups of household experienced difference pattern of property loans during the pandemic. The implications are that banks are advised to set loan criteria, especially housing loans so that the quality of borrowers can be improved. This is to avoid an increase in the number of impaired housing loans (NPLs) and the number of bankruptcy cases that can have a negative impact on financial institutions and the national economy.

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