



Orangetee
International

MALAYSIAN PROPERTY BUYING GUIDE

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EXPLORE ORANGETEE INTERNATIONAL'S COMPREHENSIVE PROPERTY BUYING GUIDE!

OrangeTee International's Property Buying Guide is your go-to resource for navigating the world of overseas property investment.

This comprehensive guide highlights the benefits of investing in properties across different countries and provides detailed, step-by-step instructions for purchasing property abroad. It also outlines associated costs and regulations foreign buyers must meet, helping you make well-informed decisions in line with your financial situation and investment goals.



GENERAL STEPS TO PURCHASE INTERNATIONAL PROPERTIES

1 IDENTIFY YOUR INTENTIONS AND CONSIDERATIONS FOR INVESTING IN AN OVERSEAS PROPERTY.

- Understand the advantages of property investment in different countries.
- Learn about the costs and regulations for purchasing an overseas property.

2 SPEAK TO AN AGENT TO SELECT YOUR PROPERTY.

- Explore a range of overseas projects from OrangeTee agents.
- Arrange a consultation with the agent to shortlist your preferred projects.

3 RESERVE YOUR UNIT.

- Reserve your unit by paying a booking fee.
- Source your options for a financial institution if you are intending to take a mortgage loan. Our agents can provide a list of recommended institutions to aid the process.

4 COMPLETE YOUR SALE TRANSACTION.

- Appoint a lawyer to assist in finalizing the Sales & Purchase Agreement, and handling the payment of all initial costs. These includes the down payment, legal costs, stamp duty, and other costs relevant to the country's regulations. Our agents can also provide a list of recommended lawyers to aid the process.
- Secure your mortgage loan with the financial institution of your choice.

5 APPOINT YOUR LEASING AND/OR MANAGING AGENT.

- Our agents can assist in providing a list of recommended leasing and/or managing agents, if you intend to lease out your property.

MALAYSIA

Why invest in a residential property in Malaysia?

Investing in a new Malaysian property is an attractive option, especially for foreign investors. The country's property market offers strong returns, with property prices steadily appreciating over time. The Malaysian Ringgit also adds to the appeal, providing greater investment value.

Beyond these financial gains, Malaysian properties are well-suited to generate consistent rental income. High-rise developments, in particular, serve as ideal accommodations for expatriates as they are typically located near essential amenities and public transport. Moreover, with Malaysia's healthy tourist numbers, high occupancy rates are ensured, providing a reliable stream of rental income.

High-Rise Investment Returns (Past 10 years)

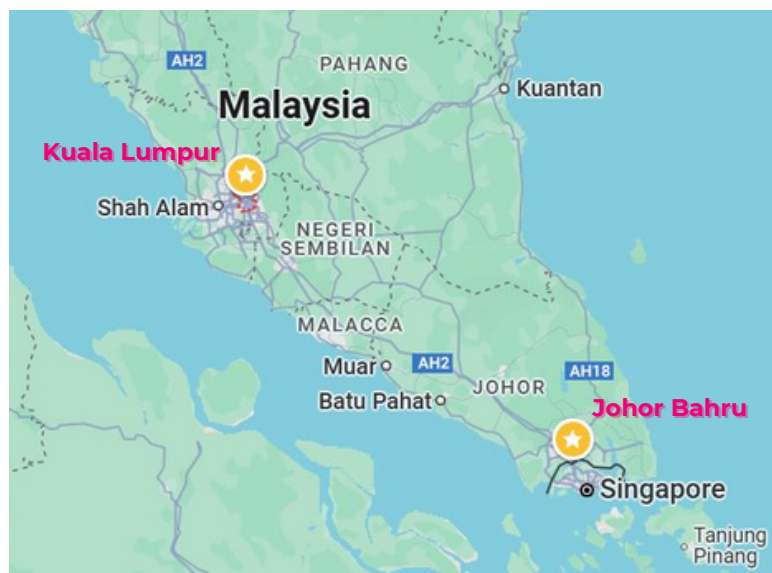
Malaysia	Johor	Kuala Lumpur
30.2%	27.9%	37.1%

Source: NAPIC, OrangeTee Research

High-Rise Rental Yield (As of Q1 2024)

Malaysia	Johor	Kuala Lumpur
5.16%	6.25%	4.4%

Source: IQI Global, OrangeTee Research



Can you invest in a Malaysian property?

Singaporeans are eligible to purchase a property in Malaysia if they meet the following requirements.

- If they own a HDB flat, they must **fulfil the Minimum Occupation Period** before investing in an overseas property.
- They can only purchase a new property in Malaysia that is **above a minimum price**. This price is **subjected to the project developer and state regulations**.

State	Minimum price
Johor Bahru	500,000
Kuala Lumpur	1,000,000

- They **cannot purchase** a property that is either built on **Malay reserved land**, or **Bumiputera land lots**.

Interested in a Malaysian property?

Say you are keen on a new property in Johor Bahru that is priced at RM 1,200,000.



Express your intention to purchase by signing a booking form. A booking fee will also need to be paid as required by the developer (E.g. RM 5,000).



Congratulations! Collect the keys to your new home once the development is completed and the Temporary Occupation Permit (TOP) is obtained!



Secure your mortgage loan with a financial institution of your choice, should you choose to take one. Ensure that the loan amount and tenure are confirmed.



Once foreign consent is granted, you will be guided to sign the Sale and Purchase Agreement that will be prepared by the developer's lawyer. At this stage, you will need to pay a down payment of approximately 10% of the purchase price, minus the booking fee (E.g. RM 115,000).



You will also need to seek consent from the state to purchase a property in Malaysia. A foreigner state levy of 2% of the purchase price (i.e. RM 24,000), or RM 20,000, whichever is higher, will need to be paid.

Additionally, you will also need to pay a legal fee of about 1 to 1.25% of the purchase price, as well as the Memorandum Of Transfer (Stamp duty) of about 4% of the purchase price.

1. PURCHASE COSTS

When a buyer expresses his/her interest to purchase a Malaysian property, he/she will need to prepare for the following costs:

1.1 Booking fee is a one-time payment to the project developer to reserve a unit. This fee is subjected to the developer's requirements.

1.2 Foreigner state levy is a tax imposed on foreign buyers who intend to purchase a Malaysian property.

Foreigner State Levy = 2% of purchase price OR RM 20,000, whichever is higher

1.3 Down payment is a percentage of the purchase price that is paid when the Sale & Purchase Agreement is signed.

Down payment = 10% of purchase price, unless otherwise stated

1.4 Legal fees are fees paid to an appointed solicitor for ensuring that the sales agreement is free of disputes and legally completed.

Property value	Estimated fee
First RM 500,000	1.25%
Next RM 7,000,000	1%

1.5 Memorandum Of Transfer (Stamp Duty) is a tax incurred on the buyer for the transfer of ownership of the purchased unit.

Stamp Duty = 4% of purchase price

2. HOLDING COSTS

Once the buyer has settled all purchase costs to the developer, he/she will be subjected to holding costs. These include:

2.1 Mortgage is a form of housing loan that could be taken by a new buyer to pay the bulk of their newly purchased unit.

The eligibility of a home loan typically depends on his/her credit score, debt-to-service ratio, and proof of employment stability.

2.1 Assessment tax is a land tax imposed on the property owner to local councils for the maintenance of infrastructure.

Assessment tax = Pre-determined rate X Annual value of property

2.2 Land rent is a tax imposed on the property owner for owning part of the land in Malaysia.

Land rent = Pre-determined rate X Land area

3. DISPOSAL COSTS

If the property owner has the intention of selling his/her property, he/she may be subjected to a **Real Property Gains Tax**, should they make a profit from the sale.

Disposal year	Tax rate on profit gain
1st year	30%
2nd year	30%
3rd year	30%
4th year	30%
5th year	30%
6th year & beyond	10%





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Disclaimer

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