



OrangeTee
Research & Analytics



BUYING GUIDE **MALAYSIA** **PROPERTIES**

Overseas Investor Playbook

ABOUT ORANGETEE INTERNATIONAL PROPERTY BUYING GUIDE

■ This comprehensive guide highlights the benefits of overseas property investment and offers a step-by-step process for buying properties in other countries.

■ It also outlines the relevant costs and legal requirements for foreign buyers, helping you make well-informed decisions based on your financial situation and goals.



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BUYING AN OVERSEAS PROPERTY



STEPS TO PURCHASE AN OVERSEAS BUILDING

1. IDENTIFY YOUR INTENTIONS OF OVERSEAS INVESTING

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

2. SPEAK TO AN AGENT

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

2. RESERVE YOUR UNIT

Reserve your unit by paying a booking fee. Consult our agents for a list of recommended financial institutions if you intend to take a mortgage loan.

4. COMPLETE YOUR SALE TRANSACTION

Appoint a lawyer to assist in finalizing the Sales & Purchase Agreement and the payment of all initial costs, including 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

Consult our agents for a list of recommended leasing and/or managing agents if you intend to lease out your property.

02

INVESTMENT POTENTIAL OF MALAYSIAN PROPERTIES

ALLURE OF MALAYSIAN PROPERTIES

Malaysia's property market offers strong returns due to steady price appreciation. The lower Malaysian Ringgit provides an exclusive advantage to foreign investors, enhancing their investment value.

High-rise developments in Malaysia are well-suited to generate consistent rental income as they are typically located near essential amenities and public transport, and ideally serve as accommodations for expatriates. With Malaysia's healthy tourist numbers, high occupancy rates are ensured, providing a reliable stream of rental income.



HISTORICAL INVESTMENT GAINS FOR MALAYSIAN PROPERTIES

MALAYSIA

Investment Returns*: 30.2%

Rental Yield**: 5.16%

*2015-2024, **Q1 2024

KUALA LUMPUR

Investment Returns: 37.1%

Rental Yield: 4.4%

JOHOR

Investment Returns: 27.9%

Rental Yield: 6.25%



03

PURCHASE REQUIREMENTS AND PROCEDURE



WHO IS ELIGIBLE TO BUY

SINGAPOREANS CAN BUY A MALAYSIAN PROPERTY IF THEY MEET THE FOLLOWING REQUIREMENTS:



They must fulfil the Minimum Occupation Period if owning a HDB flat before investing in an overseas property.



They can only purchase a new Malaysian property that is above a minimum price. This is subjected to the project developer or state regulations.



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

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



PURCHASING PROCEDURE

STEP 1

Express your intention to purchase by signing a booking form. A booking fee will also need to be paid, as required by the developer.

STEP 4

You will subsequently be guided to sign the Sale and Purchase Agreement that is prepared by the developer's lawyer. A down payment of approximately 10% of the purchase price (minus booking fee) will need to be paid. You will also need to pay a legal fee of about 1 to 1.25% of the purchase price and the Memorandum of Transfer (Stamp duty) of about 4% of the purchase price.

STEP 2

Secure your mortgage loan with your chosen financial institution, if you decide to take one.

STEP 5

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

STEP 3

You will need to seek consent from the state to purchase a property in Malaysia and pay foreigner state levy of 2% of the purchase price, or 20,000, whichever is higher.

04

INVESTMENT COSTS



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:

BOOKING FEE

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

FOREIGNER STATE LEVY

A tax imposed on foreign buyers who intend to purchase a Malaysian property. It is **2% of purchase price, or MYR 20,000, whichever is higher**.

DOWN PAYMENT

A percentage of the purchase price that is paid when the Sale & Purchase Agreement is signed. It is **10% of purchase price, unless otherwise stated**.

LEGAL FEES

Fees paid to an appointed solicitor to ensure that the sales agreement is free of disputes and legally completed.

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

MEMORANDUM OF TRANSFER (STAMP DUTY)

A tax incurred on the buyer for the transfer of ownership of the purchased unit. It is **4% of the purchase price**.



2. HOLDING COSTS

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



MORTGAGE

A form of housing loan that could be taken by a new property buyer to pay the bulk of the unit. The eligibility of a home loan typically depends on his/her **credit score, debt-to-service ratio, and proof of employment stability**.



ASSESSMENT TAX

A land tax imposed on the property owner to local councils for the maintenance of infrastructure. It is calculated as: **Predetermined rate X Annual value of property**.



LAND RENT

A tax imposed on the property owner for owning part of the land in Malaysia. It is calculated as: **Predetermined rate X Land area**.

3. DISPOSAL COSTS



REAL PROPERTY GAINS TAX

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%





FOR THE PLEASURE OF
HOME OWNERSHIP,
PLEASE CONTACT
YOUR PREFERRED
ORANGETEE INTERNATIONAL
SALES ADVISOR.

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