

Real Estate Agency Practice in Malaysia: Future Direction

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Abstract: This book is the culmination of extensive research, practical insights and foresight into the evolving landscape of real estate practices in Malaysia. As the industry continues to adapt to changing market dynamics, technological advancement and regulatory developments, it has become imperative for real estate professionals to stay ahead of the curve.

In this book, we delve into the current state of real estate agency practices in Malaysia and provide a comprehensive analysis of the trends shaping the future of the industry. From digital transformation and sustainable development to evolving consumer preferences, we explore the diverse factors influencing the direction of real estate agencies in Malaysia.

We sincerely hope this book serves as a valuable resource for all vested in the future of real estate in Malaysia and inspires proactive strategies that will drive the industry forward. Embark with us on this journey into the heart of Malaysian real estate, as we collectively envision and chart the path for a resilient, ethical and prosperous future.

Keywords: Real estate agency, digital transformation, Malaysian market, sustainable development, industry trends

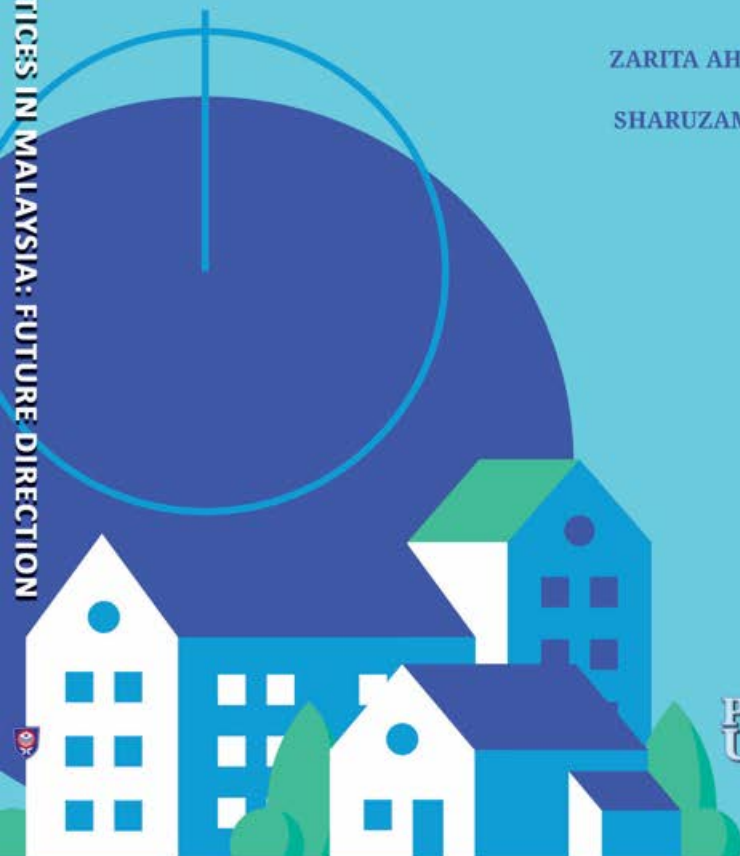
Real Estate

Agency Practices in Malaysia: Future Direction

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Preface

Welcome to “Real Estate Agency Practices in Malaysia: Future Direction”. This book is the culmination of extensive research, practical insights, and foresight into Malaysia’s evolving landscape of real estate practices. As the industry continues to adapt to changing market dynamics, technological advancements, and regulatory developments, it has become imperative for real estate professionals to stay ahead of the curve.

In this book, we delve into the current state of real estate agency practices in Malaysia and provide a comprehensive analysis of the trends shaping the industry’s future. From digital transformation and sustainable development to evolving consumer preferences, we explore the diverse factors influencing the direction of real estate agencies in Malaysia.

Through in-depth case studies, expert interviews, and thought-provoking analysis, we aim to equip industry practitioners, policymakers, and stakeholders with the knowledge and insights needed to navigate the dynamic landscape of real estate agency practices in Malaysia.

We sincerely hope this book serves as a valuable resource for all vested in the future of real estate in Malaysia and inspires proactive strategies to drive the industry forward. We extend our gratitude to all the contributors and individuals who have supported the creation of this book.



We extend our gratitude to the National Real Property Research Coordinator (NAPREC), Valuation & Property Services Department, Ministry of Finance, Malaysia, who has funded this research, the respondents and the panel of experts whose insights and dedication have enriched this work. We sincerely hope this book catalyses thoughtful discussions, informed decision-making, and transformative actions that will shape the future of real estate agency practices in Malaysia.

Embark with us on this journey into the heart of Malaysian real estate as we collectively envision and chart the path for a resilient, ethical, and prosperous future.

1 March 2024



Real Estate Agency Practice in Malaysia

1. Introduction

A real estate agency is a very lucrative profession that requires high ethical performance and professionalism as it deals with the public and other authorities. Hence, this would also require the profession to be regulated to protect the stakeholders, especially the public.

Under Act 242, estate agency practice means acting or holding oneself out to the public as ready to act, for a commission, fee, reward or other consideration, as an agent in respect of the sale or other disposal of land and buildings and any interest therein or the purchase or other acquisition of land and buildings and any interest therein or respect of the leasing or letting of land and buildings and any interest therein. The registered estate agent is a person whose name has been entered under Part III of the Register and to whom the Board has issued an authority to practice under Section 16.

1.2 Profile of Estate Agency Practice in Malaysia

Before 1981, estate agency practice was not controlled by the government and was conducted by those from different backgrounds with no proper qualifications. The Malaysia Association of Real Estate Agents (MAREA), which has now been rebranded as the Malaysian Institute of Estate Agents (MIEA), has



Professional Real Estate Agency

2.1 Introduction

Professional real estate" typically refers to the real estate field involving individuals or entities who engage in real estate activities as a primary occupation and possess a certain level of expertise, knowledge, and professionalism. This can encompass various roles and responsibilities within the real estate industry, including but not limited to real estate agents, brokers, property managers, appraisers, and real estate consultants.

Key features of professional real estate include:

- i. **Licensed Practitioners:** Professionals in the field typically hold relevant licenses and certifications required by regulatory authorities. For example, real estate agents and brokers often need to be licensed in their jurisdiction.
- ii. **Ethical Standards:** Professional real estate practitioners must adhere to ethical standards and codes of conduct. This involves maintaining honesty, integrity, and transparency in their dealings with clients, customers, and other stakeholders.
- iii. **Specialised Knowledge:** Those in professional real estate must have a specialised understanding of real estate markets, property valuation, legal aspects of transactions, and relevant local regulations.

Issues and Challenges

3.1 Introduction

Real estate agency practices face various issues and challenges impacting the industry's efficiency, transparency, and effectiveness. Some of the critical issues and challenges include:

1. Ethical Concerns:

- Unethical practices, such as misrepresentation of property information, undisclosed conflicts of interest, or lack of transparency, can erode trust and tarnish the reputation of the real estate industry.

2. Regulatory Compliance:

- Maintaining and adhering to constantly evolving local, state, and national regulations can be challenging. Failure to comply with regulatory requirements may lead to legal consequences and damage a real estate agency's standing.

3. Technological Disruption:

- Rapid technological advancements, including online platforms and virtual tours, are changing how real estate transactions are conducted. Adapting to these changes and staying technologically competitive can challenge traditional real estate agencies.

Practices in Other Countries

4.1 Introduction

Comparative studies examine the current practice of estate agencies in selected countries. International comparisons are essential in benchmarking and identifying the best practices that can be emulated.

4.2 Singapore

Estate agency practice in Singapore is governed by the Estate Agency Act 2010. The Estate Agency Council (CEA), formed on October 20, 2010, under the Ministry of National Development, was empowered by the Act to administer the regulatory framework for the real estate agency industry. The CEA runs four central departments: policy and licensing, investigation and inspection, corporate communication, public outreach, and corporate development.

The statutory framework of estate agency practice in Singapore focuses on critical elements such as enhancing the licensing for estate agents, conducting estate agency works, a mechanism for discipline and dispute resolution and public education. Estate agency practice in Singapore requires mandatory registration of Key Executive Officers (KEO) and Salespersons. CEA's code of practice, ethics, and professional client care promotes standardised estate agency practice and protects the public interest while

Summary of Findings

5.1 Summary of Findings

5.1.1 Current Practice in Malaysia

The study has identified the current practice in Malaysia according to the following categories.

i. Real Estate Negotiator Practice

Negotiators act as representatives to estate agents but with minimal obligations. They are the front liners. However, there are no explicit roles and functions in carry real estate on nego. The issuance of REN Tags is to recognise the identity of negotiators and simultaneously eliminate and legitimise practices by illegal brokers. On the contrary, REN Tags are burdened with issues of integrity, unethical behaviour, and misconduct, and they have no formal entry requirements.

ii. Real Estate Agent

Real estate agents who are registered persons are subject to disciplinary actions. Nevertheless, they are exposed to illegal practices such as sub-letting of licenses. It is also found that (i) there needs to be more monitoring by the real estate agents on negotiators concerning the number of negotiators employed, and (ii) there needs to be a failure to follow the rules on commission payable.

Future Directions

6.1 Conclusion

In conclusion, this research has delved into various factors influencing estate agency practice in Malaysia, ranging from institutional factors to the evolving environment and stakeholder dynamics. Examining institutional factors such as the regulatory framework, involvement of professional bodies, and legislative provisions has shed light on the structure and governance of the industry. Additionally, the impact of the economic environment, technological advancements, and societal changes, including the influence of social media, has been considered.

A crucial finding of this research is the pivotal role of ethical performance in ensuring sustainable estate agency practice. Ethical conduct is the cornerstone of trust and integrity within the industry, ultimately safeguarding stakeholders' interests and fostering long-term viability. While Malaysia's estate agency practice has made strides in aligning with international standards and frameworks, opportunities remain for enhancing sustainability.

Achieving sustainable practices in real estate agencies necessitates a holistic approach that addresses structural, regulatory, and ethical considerations. This entails continuous evaluation and refinement of the industry's framework to adapt to changing dynamics and meet evolving expectations. By prioritising ethical performance and embracing a culture of transparency and accountability,

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