Penang Property Investment Report 2026

1. Summary

Penang is a sound long-term market, but 2026 is a buyer's market: prices are flat, sales are falling and unsold condos are piling up. Buy carefully, negotiate hard and plan to hold for six years or more.

Indicator (latest)	Figure	What it means
Price growth, Q2 2026	+0.2% a year (was +3.7% in Q1)	Prices have stalled
Average house price	RM503,388	Similar to the Malaysian average
Home sales, 1H 2026	−13.1% a year	Buyers are waiting
Completed but unsold homes	3,114 (+7,100 unsold being built)	Too much supply, mostly condos
Gross rental yield	5–7% mainland, 3–4% prime island	Mainland pays better rent
Net yield after costs	About 2.5–3%	Rent rarely covers a 90% loan
Foreign buyer minimum (island condo)	RM1 million	High entry, low yield
Mutiara Line LRT opening	Target December 2031	A long-term, not short-term, boost

In one line each:

- **For rental income:** completed mainland condos near factories (Batu Kawan, Bukit Mertajam).
- **For long-term growth:** landed homes, or quality island units near jobs and future LRT stations.
- **Avoid:** paying launch prices for ordinary island condos, and counting on Airbnb income.

This report is general research, not financial or legal advice.

2. Penang at a glance: two markets

Penang is two property markets joined by two bridges: a small, expensive island and a larger, cheaper mainland. Which side you buy on matters more than any headline number.

	Penang Island	Seberang Perai (mainland)
Main areas	George Town, Gurney, Tanjung Tokong, Jelutong, Bayan Lepas	Butterworth, Bukit Mertajam, Perai, Batu Kawan
Land	Scarce (hills and sea)	Plentiful; new townships
Typical condo price	RM300k–1.2m+	RM200k–450k
Typical gross yield	3–5.5%	5–7%
Strength	Prestige, tech jobs, easier resale	Low entry price, higher rent return
Foreign buyer minimum	RM1m condo / RM3m house	Lower (see section 8)

Penang's demand comes from its chip and electronics factories (Intel, Bosch, Dell and others), scarce island land, and steady expat, retiree and tourist interest.

3. The market today: flat prices, too many condos

Prices have stopped rising, fewer homes are selling, and unsold condos are building up. This is a slowdown, not a crash, and it gives buyers room to negotiate.

Prices and sales (NAPIC, first half of 2026)

Measure	Latest	Change from a year earlier
House price index, Q2 2026	Average RM503,388	+0.2% (was +3.7% in Q1)
Residential sales	6,979 homes	−13.1%
Value of residential sales	RM3.19 billion	−11.0%

Most deals are affordable homes: 3,189 sales were below RM300,000 and only 505 above RM1 million.

Which homes held value best (Q1 2026, a year earlier): terrace houses +5.5%, condos +3.4%, semi-detached +2.7%, bungalows −1.1%. Over the long run, mainland houses and island condos have risen the most.

Supply: the biggest risk

"Overhang" means finished homes that developers still cannot sell.

Unsold homes, 1H 2026	Units
Completed but unsold	3,114 (up 12.2% in six months)
Under construction and unsold	7,100
All homes being built (coming to market)	26,992

- **New launches sell poorly:** 2,878 units launched in 1H 2026, only 283 sold (9.8%).
- **Mostly condos on the island:** about 70% of unsold homes are condos, and about 75% sit in the two island districts.
- **The trend has turned:** unsold homes fell from 5,493 (2020) to about 2,069 (2024) and are now rising again.

What it means: avoid paying launch prices for ordinary island condos. Developers with unsold completed units often offer rebates, free furniture or paid legal fees.

4. What drives demand

Factory jobs support rents today; big transport projects support prices later, mostly after 2028.

Most catalysts land by 2028; the LRT, the biggest, opens in late 2031

Announced target dates for Penang's major projects, from November 2026 (targets can slip)



Announced target dates from state, MRT Corp and MAHB statements reported in 2026 news; see Sources

Driver	Key facts	What it means for property
Chip and electronics factories	RM17.3 billion approved manufacturing investment in 1H 2026, the highest of any state (+38%). New plants include MKS and Chipbond (Batu Kawan).	Steady tenants near Bayan Lepas, Batu Kawan, Bukit Minyak and Perai
Mutiara Line LRT	RM16.8 billion, about 29.5 km and 20–21 stations, linking George Town, Bayan Lepas, the airport and Butterworth. Opens December 2031.	Homes near stations may gain, but it is five years away; don't overpay now
Silicon Island	Reclaimed tech island off Batu Maung; land sales from 2027, first factory 2028.	Long-term support for the south of the island
Airport and roads	Airport capacity rising from 6.5m to 12m passengers by 2028; Air Itam bypass opens April 2027.	Better access, tourism and business travel

5. Where to buy

Mainland condos cost 40–60% less than island ones, but rents are only 20–30% lower, so the mainland pays better rent. The island is better for resale and long-term value.

Area	Side	Condo price	2-bed rent / month	Gross yield	Good point	Watch out for
Batu Kawan	Mainland	RM200k–350k	RM1,100–1,500	5–7%	New factories, IKEA, Design Village	About 19,000 new mainland units due by 2029
Butterworth / Bukit Mertajam	Mainland	RM200k–320k	RM1,000–1,400	5–7%	Lowest entry; Penang Sentral hub; active resale in Bukit Mertajam	Slow rent growth
Jelutong / Gelugor	Island	RM300k–500k	RM1,400–2,200	4.5–6.5%	Between city and factories; on the LRT line	Traffic; quality varies by building
Bayan Lepas	Island	RM350k–600k	RM1,500–2,500	4–5.5%	Engineers on 1–3 year contracts; airport, LRT, Silicon Island	Many similar new towers
George Town / Gurney / Tanjung Tokong	Island	RM500k–1.2m+	RM2,000–4,500	3–4%	Scarce prime land; expat demand	Low yield; slow resale for luxury units

Indicative ranges from IQI (July 2026). Always check real rents in the exact building.

Approach with care: Batu Ferringhi (seasonal, tourism-dependent), far mainland areas such as Nibong Tebal (few tenants), and serviced apartments or SOHOs (unsold stock doubled in 2025).

6. Real rental returns

An advertised "5% yield" is before costs. After costs, most Penang condos earn about 2.5–3%, and with a 90% loan the rent alone does not cover the monthly instalment.

- **Gross yield** = yearly rent ÷ price.
- **Net yield** = (yearly rent − yearly costs) ÷ price. This is what you actually earn.

Example (illustrative)	Mainland condo	Island condo
Price	RM300,000	RM600,000
Rent	RM1,300 / month	RM2,200 / month
Gross yield	5.2%	4.4%

Example (illustrative)	Mainland condo	Island condo
Yearly costs (maintenance, rates, insurance, repairs, one empty month, agent fee)	RM7,050	RM10,320
Net yield	**2.85%**	**2.68%**
Loan instalment (90% loan, 4%, 35 years)	about RM1,195 / month	about RM2,391 / month
Monthly cash flow after loan	**about −RM480**	**about −RM1,050**

Takeaways

1. Most buyers with a loan top up every month; the return comes from long-term price growth.
2. Cheaper mainland units lose less each month and are easier to hold.
3. A 30% deposit (required for a third housing loan) cuts the mainland shortfall to about RM220 a month.
4. Don't rely on Airbnb: Penang's strata rental by-laws took effect on 1 August 2026, and national rules may require licences and cap rentals at 180 nights a year.

7. Costs, tax and loans

Budget about 5% on top of the price as a Malaysian and about 13% as a foreigner, and plan to sell no earlier than year 6.

Buying costs

Cost	Malaysian / PR	Foreigner
Stamp duty on transfer	1% to RM100k, 2% to RM500k, 3% to RM1m, 4% above	Flat 8% (since 1 Jan 2026)
Stamp duty on loan	0.5% of loan	0.5% of loan
Legal fees (purchase and loan)	About 1.25% on first RM500k, 1% above, each	Same
Penang foreign levy	None	About 3%
Example total	**RM500k condo: about RM23,000 (4.6%)**	**RM1m island condo: about RM131,500 (13%)**

Yearly holding costs: maintenance fee and sinking fund (often RM0.25–0.45 per sq ft a month), assessment rates, quit rent, insurance, repairs and tax on rental income.

Tax when you sell (RPGT, on the profit)

Sold in	Malaysian / PR	Foreigner
Years 1–3	30%	30%
Year 4	20%	30%
Year 5	15%	30%
Year 6 onwards	**0%**	10%

Loans

Buyer	Maximum loan
Malaysian, 1st or 2nd housing loan	90%
Malaysian, 3rd housing loan onwards	70%
Foreigner	Usually 50–70%, fewer banks

Bank Negara's policy rate has stayed at 2.75% since July 2025, and most economists expect no change into early 2027. Each 0.25% rise adds about RM45 a month per RM300,000 borrowed over 35 years, so test your budget at 1% above today's rate.

8. Foreign buyers

Foreigners can buy in Penang, but high minimum prices and doubled stamp duty make it a lifestyle or long-term hold, not an income investment.

Minimum price	Condo / apartment	House
Penang Island	RM1,000,000	RM3,000,000 (highest in Malaysia)
Mainland	RM500,000 in most guides; some say RM1,000,000	RM1,000,000

Confirm the mainland condo figure with a Penang lawyer before paying any booking fee.

- **Extra costs:** 8% stamp duty, about 3% state levy, state consent (adds weeks), and capital gains tax that never drops below 10%.
- **Not allowed:** Malay reserved land and Bumiputera-quota units.
- **MM2H visa:** requires a fixed deposit (US$150k Silver, US$500k Gold, US$1m Platinum) plus a property purchase (RM600k, RM1m, RM2m). In Penang the state minimum still applies, so island condos must be at least RM1m.
- **Reality check:** a RM1m island condo earns about 3–4% gross, so recovering the roughly 13% buying cost takes about four to five years of net rent. Exchange-rate moves add further risk.

9. Main risks

The biggest risk is buying the wrong unit, not buying in the wrong state.

Risk	How to manage it
Too many condos (3,114 unsold, 7,100 more being built)	Buy completed units with proven rental demand; avoid buildings with many empty or listed units
Flat prices	Buy below market and hold 6+ years
Negative monthly cash flow	Larger deposit, cheaper unit, 6–12 months of instalments in reserve
Chip industry slowdown	Prefer areas with mixed demand (hospitals, university, city jobs)
LRT or other project delays	Don't pay extra today for a 2031 station
Airbnb restrictions	Buy for long-term tenants; check building rules
Developer or building management	Prefer completed projects; check the developer's record and the sinking fund

Walk away if: many identical units are listed in the same building for over a month, rent "guarantees" come from the developer, or the price relies on a project with no firm date.

10. Which strategy fits you

Your goal	Budget	Where to look	Avoid
Rental income	RM250k–400k	Completed mainland condos near Batu Kawan, Bukit Mertajam, Juru	Remote new projects, serviced apartments
Live in now, rent out later	RM350k–600k	Bayan Lepas, Bayan Baru, Jelutong	Launch prices for ordinary towers
Long-term growth	RM500k–1m	Mainland landed homes; island condos near future LRT stations	Paying today for 2031
Preserve wealth	RM1m+	Gurney Drive, Pulau Tikus, Tanjung Tokong	Rarely traded luxury blocks
Foreign / MM2H buyer	RM1m+	Prime island areas with expat communities	Expecting rental income

Checklist before you pay a booking fee

- [ ] Checked at least 5 rental listings in the same building, and how long they have been listed
- [ ] Checked actual sold prices, not asking prices
- [ ] Counted competing projects finishing within about 3 km
- [ ] Confirmed tenure (freehold or leasehold) and that it is not Malay reserved or Bumiputera-quota land
- [ ] Checked house rules, maintenance fee, sinking fund and arrears
- [ ] Worked out net yield and cash flow at today's rate +1%
- [ ] Got loan pre-approval and budgeted all buying costs
- [ ] Foreigners: confirmed the current minimum price and consent process with a Penang lawyer

Sources

- NAPIC 1H 2026 Penang report — Penang Property Talk
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- Penang overhang trend 2020–2024 — EdgeProp

- Manufacturing investment 1H 2026 — The Star
- Mutiara Line LRT progress — The Star
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- Short-term rental rules — Penang Property Talk
- Interest rate (OPR) — New Straits Times
- Rental yields by area — IQI
- Foreign buyer rules and costs — malaysia4u
- Stamp duty 2026 — PropCashflow
- RPGT rates — malaysia4u
- Loan limits — PropCashflow
- MM2H tiers — Alestria

Latest data as of 2 November 2026. Rules and fees change; confirm with a licensed agent, lawyer and bank before buying.