



**Malaysian Iron & Steel Industry Federation**  
Co. Reg. No. 76350P GST Reg. No. 001781899264



Malaysia Steel Association  
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## **PRESS STATEMENT**

### **MISIF and MSA Response to Recent Media Reports on Increase in Building Material Prices**

Recently there were media reports from the Real Estate and Housing Developers Association (REHDA) that property developers were facing balancing act in pricing properties. According to the findings of the "REHDA Property Industry Survey for 2H2021 and Market Outlook 2022", the overall costs of business operations of the respondents have increased by 18%. In terms of the average percentage increase in the price of building materials, the survey found that aluminium ranked first with 55%, followed by timber with 52%, and steel with 38%. Other building materials such as cement, sand and concrete have seen price increases ranging from 16% to 19%.

MISIF and MSA wish to put this matter in proper perspective.

We wish to echo the statement made by Senior Works Minister, Dato' Sri Fadillah Yusof in the *Dayak Daily* dated 28 October 2021, that the cost index for building materials between 3 to 19% nationwide based on data from the Department of Statistics Malaysia, was due to the impact of Covid-19 and rising global market prices. The Ministry also stated that the increase in the price of building materials such as sand and reinforced iron varied by location.

MISIF and MSA wish to reiterate that the increase in steel bar prices in 2021 was primarily due to strong demand resulting from global economic recovery and hike in raw material prices, particularly scrap, iron ore and coking coal, due to the supply tightness and global supply chain disruptions. In addition, rising raw material costs and the cost of doing business (such as utilities, transportation, etc.) have a significant impact on steel prices. The trajectory of domestic steel prices tracks the international price trend. Hence, domestic steel bar manufacturers have no control over steel prices, as domestic steel prices are subject to global supply and demand dynamics. Steel bar users, such as contractors and housing developers, is able to import steel bars at zero import duty without the need for an AP. Aside from that, steel products only account for approximately 2-4% of total housing project costs.

*Statement by:*

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