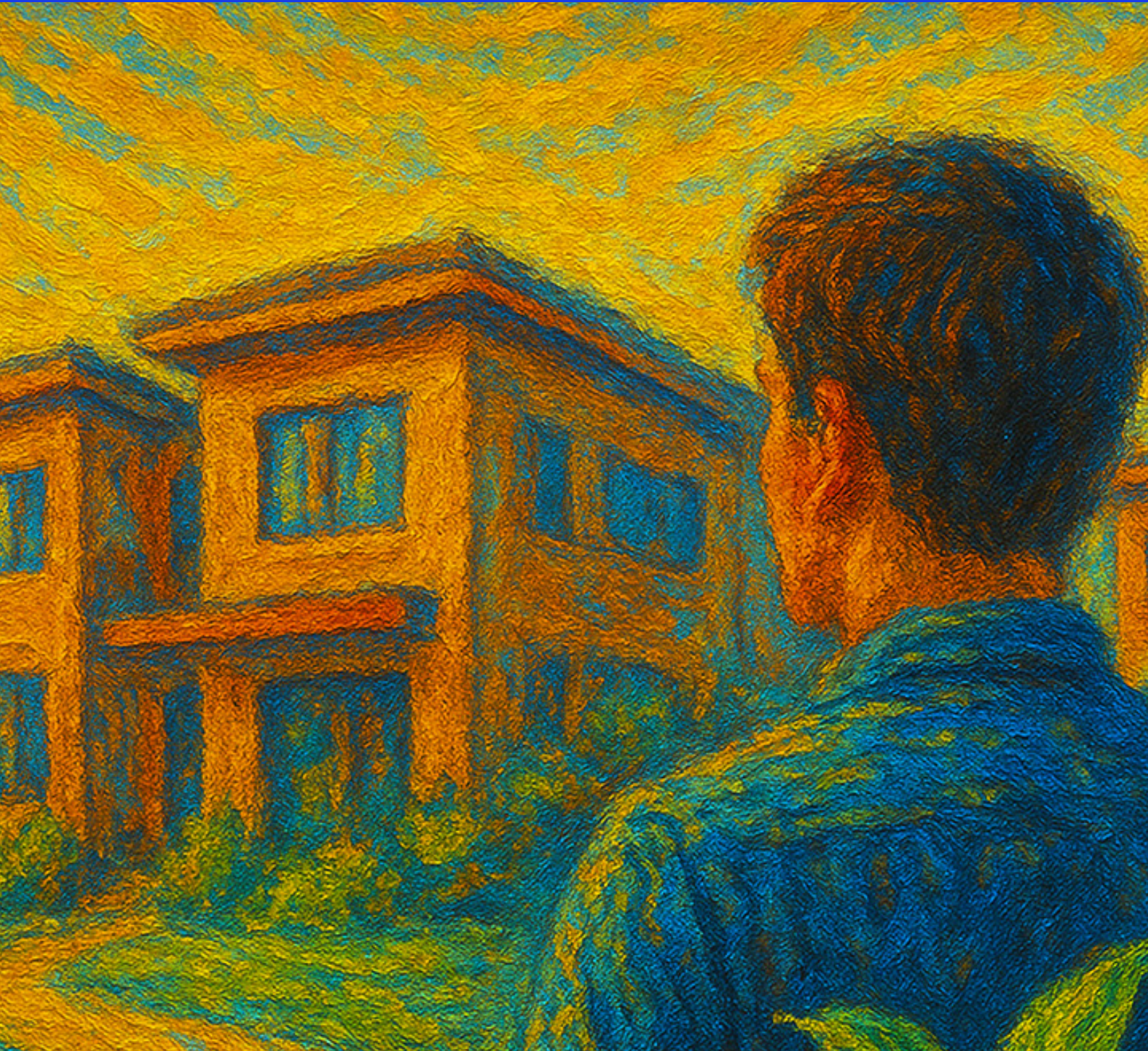


SECURITY OF TENURE IN MALAYSIA'S PRIVATE RENTAL MARKET

by Fikri Faisal



ABSTRACT

Initial studies suggest that tenant protection in Malaysia require more protection to be up to global standards. Existing tenant protection in Malaysia is provided by a set of separate laws such as the Contracts Act and the Specific Relief Act. However, these laws provide only limited security. This article assesses Malaysia's rental market through the Secure Occupancy framework as a foundation for fairer and inclusive rental housing.

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by **Fikri Fisal**

Disputes between tenants and landlords are common in Malaysia. Past news had reported cases such as [rental racism, uninhabitable grave-like room lets and unjustified non-refund of security deposits](#) (Chua, 2023; Musa, 2024; The Straits Times, 2023). There are likely more unreported cases, thus masking the true gravity of the situation.

Tenancy-related injustices are, of course, not exclusive to tenants. Landlords, too, bear the risk of property damage, rent arrears or irresponsible tenants. Recently, a [landlord](#) lost a legal battle which forced him to pay RM825,000 due to the tenant's fraudulent activities, including illegal Bitcoin mining (The Rakyat Post, 2025). There were several similar cases reported in the past.

While it is recognised that both parties experience risks, there is an asymmetrical power relationship between landlords and tenants. This leaves the latter in a more precarious housing situation (Li, 2023). Tenants typically constitute a lower income group compared to landlords and, thus, are vulnerable to eviction in the event of a negative financial shock. The power imbalance further adds to the risk of exploitation among tenants. For instance, tenants may lack access to legal and regulatory knowledge related to rentals.

This matter is growing in urgency given the gradual rise in renter households, especially in the Klang Valley. As of 2022, the proportion of renter households in KL and Selangor grew to 34.3% and 30.7% from 34.1% and 29.2% respectively, in 2019 (Department of Statistics Malaysia, 2023). The matter of rent affordability also deserves greater attention, with the average rent in KL growing 6.1% year-on-year and 1.9% quarter-on-quarter as of Q1 2025 (Wei Xuan, 2025).

There are two key reasons why the government should pay closer attention to strengthening the rental market, particularly in relation to tenant protection. First, a comprehensive and well-enforced regulatory framework ensures that tenants are adequately protected – both as consumers and as citizens with basic housing rights. Second, clear and consistent regulations help create a more vibrant and resilient rental housing market, which can in turn reduce the prevalence of vacant and unoccupied properties by promoting greater confidence among both landlords and tenants.

This article, thus, explores the potential inadequacy of security for tenants in Malaysia's private rental market. It also puts forth suggestions to improve their security.

Security of Tenure in the Rental Context

Currently in Malaysia, several separate laws provide some degree of protection for tenants (Sufian, 2012). For example, the [Contracts Act 1950](#) provides the general rules for all contracts, including tenancy agreements, outlining the obligations of both parties, conditions of a valid contract and remedies in the event of a breach. The [Specific Relief Act 1950](#) permits the tenant to seek a court order to compel a landlord to carry out necessary repairs on the rental property. It also allows the landlord to seek a court order to evict a tenant if the latter refuses to leave after termination of the tenancy. The [Distress Act 1951](#) enables the landlord to seize tenants' belongings to recover rent arrears. Together, these laws provide some degree of protection for both landlords and tenants, albeit not necessarily in equal parity for both parties.

Security of tenure broadly refers to the stability and predictability that allow renters to remain in their homes without fear of arbitrary eviction or unfair treatment (Hulse & Milligan, 2014; van Gelder, 2010). **However, existing legislation addresses only one dimension of this concept: de jure security. In the rental context, de jure security** refers to a tenant's legal right to occupy the home. As long as there is a clear contract between landlord and tenant, this legal security is considered to be in place.

Security of tenure, in fact, extends beyond de jure security.

A second aspect of security of tenure is de facto security, which is the degree of actual lived security that tenants experience beyond their contractual and legal rights. De facto security depends on non-legal factors such as housing tenure practices, landlord behaviour and market norms (Hulse & Milligan, 2014).

For example, a tenant on a short-term lease may still enjoy high *de facto* security if the landlord seldom evicts tenants or does not raise rents drastically. A tenant may have high capacity to personalise the rental house if the landlord has no objection, regardless of what the tenancy agreement actually permits. Conversely, even in high *de jure* security environments, a tenant may not enjoy high *de facto* security if there is no regulation of rent increment following the tenancy expiration. On a personal level, *de facto* security may also be impacted by economic and social conditions such as loss of income or fluctuating income from informal jobs.

The third form of security is perceptual security, which refers to the subjective sense of security felt by a person in their capability to continue and prolong their stay in a rental home. In other words, how secure does the tenant *feel* about their renting situation?

Perceptual security is shaped by factors such as past experiences with housing instability, trust levels in the landlord, awareness level of tenancy laws, social norms around renting and housing market volatility (Adkins et al., 2003; Hulse & Milligan, 2014; Pawson & Munro, 2010). This means to say that even in an environment with strong *de jure* security, a tenant may feel low perceptual security, which contributes to stress and low well-being. Under such conditions, a tenant would feel a low sense of control over their housing situation, which could discourage long-term investments such as home personalisation and community engagement (van Gelder, 2010).

Given the subjective nature of perceptual security, however, this article will focus the discussion on *de jure* and *de facto* security of tenure in the rental context, and how to strengthen them.

Table 1: Overview of security of tenure for renters

Aspect	De Jure Security	De Facto Security	Perceptual Security
Definition	Legal rights and protections afforded to occupants under formal laws or contracts	Actual, lived stability of tenure regardless of legal rights	The occupant's <i>feeling</i> or belief about how secure they are in staying in their home
Basis	Legislation, tenancy contracts, formal legal framework	Social norms, landlord behaviour, market conditions, enforcement practices	Personal experience, knowledge, trust, fear of eviction or rent hikes
Enforcing Entity	Courts, government, legal institutions	Landlords, housing providers, informal actors	No formal enforcement; it's subjective
Examples	A tenant has a fixed-term lease with a right to renewal and eviction protection	A renter in an informal settlement who has lived there undisturbed for years despite lacking legal title	A tenant who feels anxious about eviction despite having a secure lease
Key Limitations	May not reflect actual outcomes; laws might not be enforced	Depends on trust and norms; vulnerable to power imbalances or sudden changes	May not align with actual legal or practical security; driven by perception and awareness

Source: Adapted from van Gelder (2010)

Reconceptualising Tenant Security

The Secure Occupancy framework (Hulse & Milligan, 2014) serves as a useful starting point for guidance on how to improve renters' security of tenure. The Secure Occupancy framework expands the meaning of security for tenants beyond legal and contractual rights, incorporating the wellbeing component of humans. As opposed to the one-dimensional conceptualisation of security that is provided by conventional legal instruments, the framework offers a multi-dimensional concept that encapsulates the tenant's ability to participate effectively in rental markets, to rent housing with protection of rights as tenants, consumers and citizens, to receive governmental assistance when needed, and to have some degree of control to make a home at the rented property.

It is not meant to be dichotomous but to relate to the degree of security of occupying rental housing, which is "desired, available and achievable" (Hulse & Milligan, 2014,

p. 643). The Secure Occupancy framework facilitates an examination of the relationship between the three types of security. For example, a strong de jure security does not necessarily lead to a strong de facto or perceptual security, and vice versa. Similarly, de facto and perceptual security will always be partial without legal rights of occupation (van Gelder, 2010). The framework recognises that the security of occupation is influenced by the interaction between a range of factors: legislation, public policies, market practices, cultural norms, individual behaviours and other factors.

Analysing the security of tenure in Malaysia according to the Secure Occupancy framework reveals several policy and regulatory gaps. In this article, we adapted the framework to evaluate the current landscape of security of tenure in Malaysia, highlighting six key pillars that should receive close attention to improve tenant security.

Legal Security of Tenure

Legal security of tenure ensures that tenants have clear, enforceable rights to occupy their home for an agreed period without arbitrary interference. In Malaysia, while de jure protection for tenants is relatively inalienable, it is scattered across various laws – such as the Contracts Act 1950, the Specific Relief Act 1950, and the Distress Act 1951 – rather than consolidated in a single tenancy statute. This legal structure means tenants often face uncertainty about the scope of their rights, especially in disputes over early termination, rent increases, or eviction notices (Sufian, 2012).

International best practice involves codifying tenancy protections into a dedicated rental housing law, clearly defining the obligations of both tenants and landlords, and preventing premature termination without "just cause" (Hulse et al., 2011). Without this, Malaysia's current

framework leans heavily on contractual freedom – the idea that landlords and tenants are free to set their own terms through private agreements (Sufian, 2012). In practice, however, this principle often favours landlords, who typically hold greater bargaining power and can shape contract terms in ways that disadvantage tenants in an already imbalanced negotiation (Hulse et al., 2011) .

Potential challenges in Malaysia: Implementing such a regime would require federal–state legal harmonisation, as land and housing matters fall partly under state jurisdiction. Existing contracts would need a transition plan, and landlords accustomed to contract freedom may resist changes they see as limiting the existing degrees of flexibility that they currently enjoy. The drafting process would also need to balance tenant protection with investor confidence in the rental market.



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Rent Increment Caps

Rent increment caps can help maintain affordability and predictability, especially in high-demand rental markets. Malaysia currently lacks formal rent stabilisation measures in the private rental sector, where rental prices are almost only market-determined. While this offers flexibility to landlords, it exposes tenants – particularly low- and middle-income households – to possible sudden rent hikes that may result in displacement or the fear of displacement.

International models range from rent caps to rent stabilisation mechanisms that are capped to a certain absolute range (such as a maximum increment of 10%) or are linked to inflation, such as observed in Austria, or similar indices (Hulse et al., 2011). In Germany, rent increment are based on similar dwellings or a database of local reference rents (Hulse & Milligan, 2014).

Such mechanisms offer useful models for Malaysia to adapt in order to promote fair rent levels and protect tenants from excessive increases. A calibrated approach could involve periodic rent-increase caps or indexation

applied only in high-demand areas, thereby balancing reasonable returns for landlords with greater stability for tenants. However, this would require a reliable rental data system to monitor price trends and avoid distortions in the rental market ecosystem. Poorly designed rent regulation, however, may deter investment in rental housing unless paired with incentives.

Potential challenges in Malaysia: The success of any rent regulating mechanism must be coupled with greater information symmetry, which is problematic given Malaysia's lack of a comprehensive rental data system. Without perfect information, authorities are likely to struggle to set fair reference rental rates. Poorly designed rental caps risk also discouraging investment in rental housing or prompting landlords to convert units to other uses. There is also a huge risk of unintended market distortions, for instance, in rapidly gentrifying neighbourhoods, where application of such caps will require strong market monitoring, enforcement and targeted application.

Deposit Management

Security deposits – typically two to three months' rent – are meant to protect landlords against damages or non-payment. In Malaysia, however, there is no statutory mechanism to safeguard these deposits; landlords hold them privately, often leading to disputes over unfair deductions or non-refunds (Hulse et al., 2011). Nor is there any regulatory limit on the amount a landlord may request, creating room for double standards and discriminatory practices, where “less preferred” tenants may be asked to provide higher deposits.

The first form of possible policy suggestion here is to transfer the responsibility of holding deposits away from private landlords to a neutral third-party entity. Internationally, jurisdictions, like in the UK, require deposits to be held in government-approved, privately managed custodial schemes such as [Tenancy Deposit Scheme](#), [Deposit Protection Service](#) and [MyDeposits](#), ensuring impartial handling and timely refunds (UK Ministry of Housing, n.d.). Implementing a deposit protection system in Malaysia could significantly reduce disputes, improve transparency, and build trust between landlords and tenants.

The second reform is to strengthen rental regulations by standardising the security deposit required from tenants. The UK's Renters' Rights Act, for instance, caps advance payments at one month's rent (UK Ministry of Housing, 2025). Similar limits in Malaysia would prevent tenants from being financially overburdened when securing a new tenancy.

Potential challenges in Malaysia: Establishing a national or state-level custodial system would require substantial administrative infrastructure and integration with the tenancy registration process. Educating small landlords, many of whom operate informally, often on the basis of goodwill and discretion, would be crucial. Handling the transition of existing deposits into the new system could also create logistical and legal hurdles. Furthermore, mandating the maximum deposit required from prospective tenants may discourage private landlords from maintaining their rental house well, or worse, to not let it out.

Dispute Resolution

Dispute resolution mechanisms determine how quickly and how fairly rental-related conflicts are addressed. In Malaysia, tenancy disputes are generally handled through civil courts, which can be slow, costly, and intimidating for tenants, particularly those from low-income groups who have no choice but to rent in the first place (Hulse et al., 2011; Sufian, 2012). There is no dedicated tribunal for residential tenancy matters or even small ticket-size claims, unlike in Australia's state-based Tenancy Tribunals (Hulse et al., 2011) or [Singapore's Small Claims Tribunal](#) (for disputes below a certain monetary threshold) (Singapore Courts, n.d.). A specialised, low-cost, and accessible housing tribunal in Malaysia could expedite dispute resolution, reduce court congestion, and make justice more accessible for both landlords and tenants.

Potential challenges in Malaysia: Creating a dedicated housing tribunal would require legislative change, fiscal budgetary allocation, and trained adjudicators familiar with tenancy law. Most importantly, such mechanisms for dispute resolution must be preceded with the legislative environment and laws around tenancy. Coordination with the courts to manage the volume of appeals and avoid jurisdictional overlaps (such as investments into use of digital solutions) may prove to be necessary. Accessibility over this dispute channel for tenants in rural areas would also need careful planning, perhaps through online hearings or decentralised branches.

Decent Housing Standards

Housing standards ensure rental properties meet basic health, safety, and habitability requirements. Malaysia's Uniform Building By-Laws and local authority regulations set general construction and maintenance requirements, but enforcement in the private rental sector is inconsistent. Over the past few years, the occurrences of "grave" or "coffin" rentals in Malaysia had been reported. This highlights a form of tenant exploitation that is made possible due to the lack of regulatory provisions mandating decent housing standards in the private rental market, nor its enforcement capacity. Strengthening Malaysia's enforcement capacity and tying compliance to rental licensing could ensure tenants have access to safe and decent housing.

Potential challenges in Malaysia: Many rental properties, particularly older walk-up flats, and low-cost strata housing, would require significant upgrades to meet modern standards. Enforcement would demand trained inspectors, funding, and penalties for non-compliance. Landlords might resist costly retrofits unless paired with tax incentives, subsidies, or phased compliance timelines.

Home Personalisation

Allowing tenants a degree of personalisation such as installing shelves, repainting walls, keeping pets, or minor renovations can increase their sense of belonging and encourage longer tenancies. In Malaysia, tenancy agreements typically prohibit alterations without landlord consent, with pet bans being the most common in both landed and stratified properties. While landlords have legitimate concerns about property condition, best practice in some jurisdictions, such as the UK, allows reasonable modifications (especially reversible ones) provided the tenant restores the property or covers the cost of repairs, signifying the degree of acceptance cultural maturity in landlord-tenant relationships and within rental markets. Encouraging flexible, negotiated personalisation rights could improve tenant satisfaction and reduce turnover rates.

Potential challenges in Malaysia: Cultural norms, especially in strata properties with shared management, often restrict pets and alterations. Landlords may be concerned about damage, resale value, or conflicts with building by-laws. A balanced policy would need clear limits on permissible modifications, restoration obligations, and possibly pet-specific insurance or bonds to address landlord concerns. Clauses to allow flexibility and home personalisation may require more than legal protection, such as a shift in mindsets, trust and culture.

Table 2: A summary overview of current practice in Malaysia and international examples of tenant security

Pillar	Malaysia – Current Practice	International Examples
Legal Security of Tenure	Fragmented legal framework; no dedicated Residential Tenancy Act yet.	UK – Renters' Rights Act replaces fixed-term tenancies with periodic tenancies
Rent Regulation	Fully market-driven rent setting; no statutory cap or stabilisation.	Germany – rent increments refer to local rent database Austria – caps rent increments to CPI
Deposit Protection	Deposits held directly and unilaterally set by landlords; no legal requirement for custodial holding.	UK – mandatory government-approved schemes; Australia – state-based bond authorities (e.g., RTBA in Victoria).
Dispute Resolution	Civil courts handle disputes; process can be slow, costly, and intimidating.	Australia (VIC/NSW) – state-based tenancy tribunals;
Housing Standards	Uniform Building By-Laws and local rules exist, but enforcement is inconsistent in the rental sector.	UK – allows the applicability of Decent Homes Standard to private rental markets
Home Personalisation	Tenancy agreements often prohibit alterations; pets commonly restricted in both landed and strata properties.	Victoria (Australia) – reasonable modifications allowed without consent; landlords cannot unreasonably refuse pets.

Source: Author's compilation

Moving Forward

Shifting social norms and evolving socioeconomic conditions are likely to increase the prevalence of renting relative to homeownership in the foreseeable future. Strengthening tenant protection in this context requires a reconceptualisation of its scope, supported by a comprehensive framework such as that proposed by the Secure Tenancy Framework. This article has outlined seven key pillars that warrant greater policy attention to enhance security of tenure in Malaysia.

A critical initial step remains in the introduction of the long-discussed Residential Tenancy Act. Although the bill's provisions remain uncertain, this stage presents an opportunity for public engagement to advocate for the inclusion of elements aligned with the proposed pillars. Given the structural complexities of the private

rental market, coupled with a deeply entrenched homeownership-oriented cultural and hence, policy bias, the wholesale adoption of all seven pillars may be perceived as politically ambitious and administratively challenging.

Accordingly, a phased approach may be more feasible – beginning potentially with the enactment of the Residential Tenancy Act to establish a statutory foundation for tenant protection, upon which gradual reforms can be built. Such an approach would signal the government's commitment to safeguarding tenants' welfare with the same consistency historically afforded to homeowners, thereby laying the groundwork for a more balanced, inclusive and equitable housing policy environment.



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