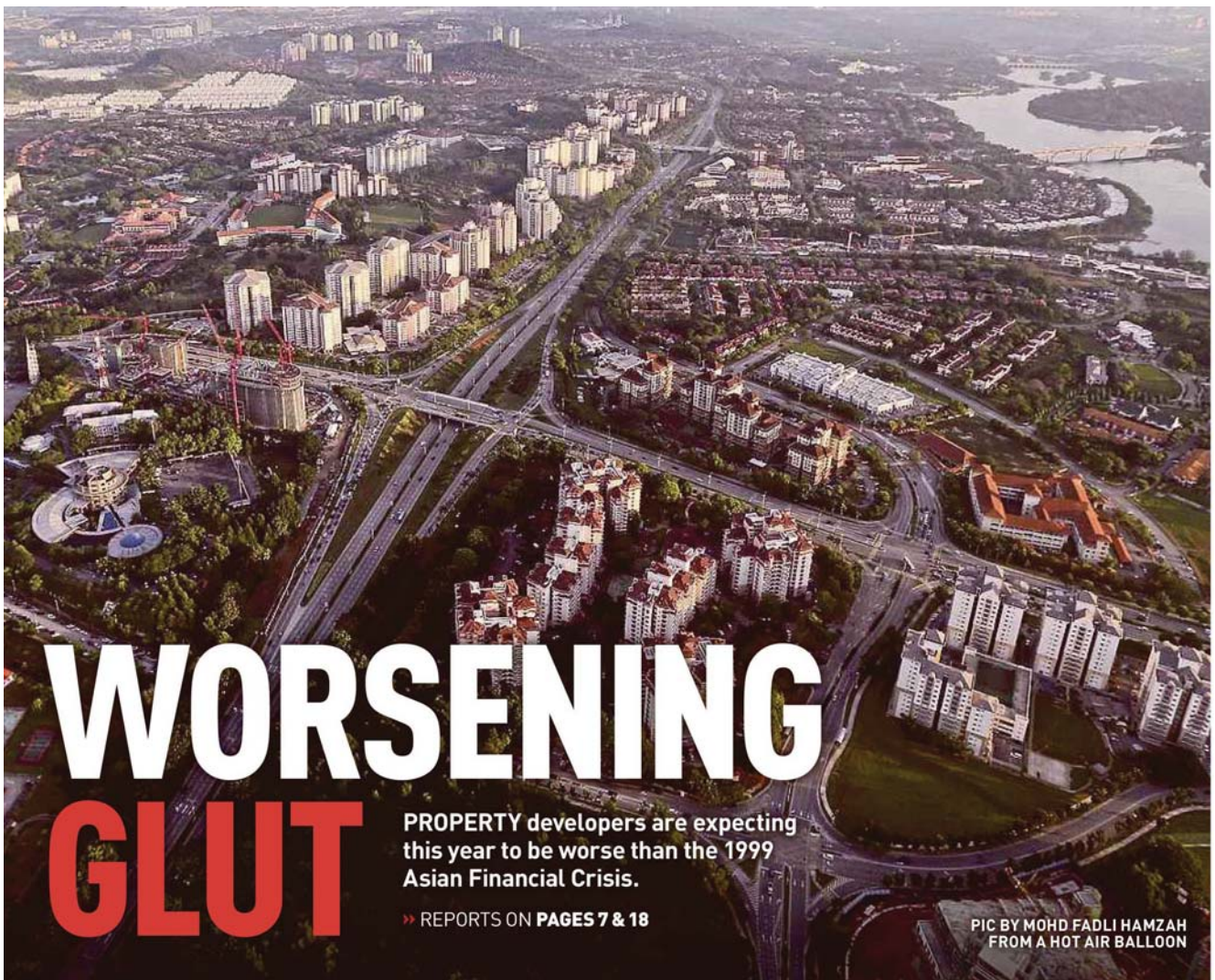


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PROPERTY OVERHANG RISES 48PC

Developers are expecting this year to be worse than 1999, when the Asian Financial Crisis hit

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PROPERTY overhang in Malaysia has risen 48 per cent to 30,115 units in the third quarter of last year compared with the same period in 2017, reflecting a mismatch between the supply and demand of houses in the property market.

The situation has reached a stage where developers, concerned with the oversupply of homes, are expecting this year to be worse than 1999, when the Asian Financial Crisis was in full swing.

As such, they urge the authorities to take measures to address the issue and alleviate the glut.

Real Estate and Housing Developers' Association Malaysia (Rehda) president Datuk Soam Heng Choon said the buyers' market was skewed towards location, pricing and type, as opposed to the classic mantra of

"location, location, location".

"If people want landed homes and you build high-rise, people will not buy. If you build a house that costs RM1 million when people are earning RM3,000 a month, nobody will buy the property too. Today, property is no longer just about location. It is about location, type and pricing."

"Some of the properties built by the government agencies are left unsold and there is a large proportion of Bumiputera properties that are unsold with no automatic release mechanism.

"We are advocating to the state governments, as land is a state matter, to have this automatic release mechanism so that all the money doesn't get tied down. When money is tied down, it will affect the cost of property," Soam said after the launch of Bank Negara Malaysia's Fund for Affordable Homes scheme here yesterday.

He said the government was expected to introduce another incentive tailored to address the property overhang concerns tomorrow.

Finance Minister Lim Guan Eng had highlighted that in November last year, the total accumulated loans for home financing expanded by 7.7 per cent to RM555.5 billion, with 70 per cent comprising first time homes priced at RM500,000 and below.

The higher number of loans, he said, did not correlate to the rising number of units unsold, sig-



The oversupply of homes in Malaysia reflects a mismatch between the supply and demand of houses in the property market. FILE PIC

nalling a need to address the issue, especially in terms of financing capability by the prospective buyers.

"The banks are hesitant to give out loans due to the failure of prospective homebuyers in fulfilling loan requirements. We hope banks can loosen the lending requirements although BNM has its own guidelines.

"We want to come up with a happy compromise and BNM has come up with this scheme to help those who were unable to secure a loan in the past through this fund," he said.

In Penang, former Penang Real Estate and Housing Developers Association (Rehda) chairman Datuk Jerry Chan said there was no severe glut in 1999, and it was

easier to buy property then.

"However, the number of overhang units now is something we have never seen before. The situation is more serious in Kuala Lumpur and Johor compared with here.

"And developers are expecting this year to be worse than in 1999, when it was an Asian situation then," he said yesterday.

Chan said in Penang, there were about 40 per cent of unsold units, involving affordable and luxury categories.

He, nevertheless, said there was still demand for properties as there were buyers, but stressed that tight lending rules were a hindrance.

State Rehda chairman Datuk Toh Chin Leong said the property

glut was mostly in the RM300,000 category.

He said many of the buyers could not get loans due to stringent guidelines, prompting oversupply of such properties.

"This is why the National Home Ownership Campaign was launched.

"The already softening property sector will deteriorate this year if the ownership campaign is not launched or measures are not introduced by the government."

The government recently introduced the National Home Ownership campaign, to kick off in March, to sell 30,115 completed homes nationwide.

Toh, however, said there was no unified database on the unsold units.



Datuk Soam Heng Choon