



Developers are investing a lot in sales galleries to make their products appeal to buyers. FILE PIC

GLUT Mammoth RM22.5b sale

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SOME 180 developers in Malaysia hope to offload RM22.5 billion worth of unsold properties next month at a real estate expo here but will the banks support the transactions by easing their lending clampdown?

The value of units sold during the expo would highly depend on the discounts that the developers are willing to offer to prospective buyers, the type of properties, location and housing loan approvals.

While banks have always offered the lending option to property purchasers, which is essentially their core business, house loan gets rejected even though the buyers have clean Central Credit Reference Information System (CCRIS) record. This can be disheartening to many people and they tend to shy away from the market.

Although developers are offering rebates and freebies for new launches and investing a lot in sales galleries to promote their products to buyers, transactions fell last year.

Developers want Bank Negara Malaysia (BNM) to ease lending measures affecting the property sector to enable more people to buy.

Housing and Local Government Minister Zuraida Kamaruddin is counting on developers at the expo to give at least 10 per cent discount or higher to bridge the gap between property oversupply and lack of affordable homes, Bloomberg reported last week.

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 strong mismatch between supply and demand.

National House Buyers Association secretary-general Datuk Chang Kim Loong said the number of overhang or unsold properties will continue to rise if developers ignore the three criteria that define affordable housing.

Houses priced between RM150,000 and RM300,000 should be developed with a desirable size of 800 square feet, providing at least two bedrooms, and in the right location.

Chang was baffled that developers claim they could still sell houses priced between RM600,000 and RM800,000, which are in good locations.

Meanwhile, there will be a total of 22,000 units offered at the expo scheduled from March 1 to 3.

About a quarter of the properties on offer will be priced at RM300,000 or less, with the



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SHELDON FERNANDEZ
PropertyGuru Malaysia
country manager

transactions exempted from stamp duty fees, said Zuraida.

She said her ministry will consider affordability in approving future residential projects by taking into account the income level in the area.

According to an income/affordability computation, a borrower with a net monthly income of about RM6,000 can only afford a house of about RM350,000 to RM400,000.

BNM, in its quarterly bulletin posted in August, has estimated RM282,000 as the maximum price achievable for the median local household, while actual median house prices were 11 per cent higher.

PropertyGuru Malaysia country manager Sheldon Fernandez said the asking prices of local homes continued to show a 2.3 per cent drop year-on-year.

He said despite the improving consumer sentiment and proactive government policies announced in the 2019 Budget, the property market was likely to see a continued price downtrend for at least the first half of the year.

This is validated by the PropertyGuru Market Index, an analysis of over 250,000 property listings aggregated and indexed.

Fernandez believes this is an opportune time for house buyers to purchase a home.



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